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EDITORIAL

As We See It

Events of the past year or two have supplied some wholesome food for thought about the nature of the operations of a "managed economy" even where the degree of "management" falls far short of the state socialism which has been made so conspicuous by the so-called Communist countries of the world, and even short of what many of our advocates of "creeping socialism" would like to have in this country. If only the more thoughtful elements of the general public can be led to read the signs of the day carefully and realistically, a great deal will have been done to turn the nation back towards the true and tried path of economic soundness and sanity which our forefathers trod while bringing this nation to a point where it is the envy of the world.

A system of "managed economy" always becomes doubly dangerous when it is married to the political fortunes of those who make politics a profession—and such marriages are so common as to warrant an assumption that they will occur whenever a nation undertakes to introduce and continue a system of "managed economy." Possibly the most conspicuous instance in this country of an impasse traceable to the follies of political management of things economic is today found in agriculture. A long history of agricultural subsidies was brought to a climax by the late Franklin D. Roosevelt and his coterie of New Dealers. At least the system was brought to a point of unsurpassed barefacedness in its fawning to farmers and in its demand upon the rest of us

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The Protection of Freedom

By HERBERT HOOVER*
Former President of the United States

Ex-President Hoover, reviewing problems of freedom and progress over last 80 years, points out the forces which either make or destroy our national welfare. Asserts the progress of freedom is a never ending struggle to prevent abuse of power, and lays cause of our huge centralized Federal bureaucracy in large part to beguilement by pressure groups and local governments for Federal subsidies. Sees special encroachment of the Executive in our foreign relations upon the Legislative Branch and calls cult of the "Welfare State," poison gas. Concludes American people still possess dynamic creative facilities, and "we are not at the bedside of a nation in death agony."

Eighty years is a long time for a man to live. Mine has been a life of work in many lands under many kinds of governments, both good and bad. I have been honored by my countrymen in many public offices and with many opportunities to serve outside the government. I have watched the two great world wars with their holocausts of death, destruction and famine. I have taken some part in remedy of their terrible aftermaths. I have participated in the search for a healing peace.


Herbert Hoover

I have witnessed the legacy of war in doubting minds, brutality, crime and debased morals. Moreover, I have witnessed on the ground in 20 nations the workings of the philosophy of that anti-Christ, Karl Marx.

The Problems of Freedom and Progress

After these long years and from all these experiences, there rises constantly in my mind the forces which make for progress and those which may corrode away the safeguards of freedom in America. I want to say something about these forces but I shall en-

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*An address by Mr. Hoover at the State of Iowa's celebration of his 80th birthday at his Birth Place, West Branch, Iowa, Aug. 10, 1954.

Funds Prefer Oils, Rails and Steels

By HENRY ANSBACHER LONG

U. S. Steel was top choice during last quarter. Non-ferrous metals, natural gas, electrical equipment, machinery and paper and pulp issues also favored. Less enthusiasm shown for the more stable groups as opinion divides on the foods and utilities while merchandising shares are sold on balance. Profit taking is noted in the aviation group. Selling picks up in the tobacco stocks.

Investment companies in general evidently see fair weather ahead on the business horizon, as most portfolio preferences during the June quarter were for industry groups considered fairly vulnerable to cyclical economic fluctuations. Thus, the oils and rails were top favorites along with the steels and metals, superceding the long favored utilities in which there was profit taking, especially among such funds as Fundamental Investors and Affiliated Funds. U. S. Steel, scarcely noted for absence of price volatility, was more heavily bought during the quarter than any individual issue in some time. Natural gas stocks continued their popularity and buyers also favored machinery and paper and pulp shares. While electrical equipment and radio and electronic shares were in general well bought, profit taking continued in General Electric and was also apparent in McGraw. The extreme run-ups in the aviation issues also prompted selling in this group, while pessimism over the future of the cigarette industry caused sales of tobacco shares to double those of the previous quarter. Retail issues were also sold on balance, while opinion was divided on the foods, chemicals, and metal and glass containers.


Henry A. Long

Although total selling increased about 12% over the March quarter—with purchases continuing at about the same pace—there was no noticeable addition to defen-

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SECURITIES NOW IN REGISTRATION — Underwriters, dealers and investors in corporate securities are afforded a complete picture of issues now registered with the SEC and potential undertakings in our "Securities in Registration" Section, starting on page 30.

The Security I Like Best

A continuous forum in which, each week, a different group of experts in the investment and advisory field from all sections of the country participate and give their reasons for favoring a particular security.

(The articles contained in this forum are not intended to be, nor are they to be regarded, as an offer to sell the securities discussed.)

This Week's Forum Participants and Their Selections

Harshaw Chemical Company — Merton S. Allen, Francis I. duPont & Co., New York City. (Page 2)

Sanborn Map Company—G. Frederic Helbig, Baron G. Helbig & Co., Hudson, N. Y. (Page 12)

MERTON S. ALLEN
Francis I. du Pont & Co., New York City

Harshaw Chemical

Harshaw Chemical Co. is a widely diversified, rapidly growing concern with an excellent outlook and an assured participation in the coming atomic era.

The common stock of Harshaw is currently traded on the over-the-counter market. Largely because of this fact the company is relatively unknown to the public. However a careful study and analysis of the company, its management, finances, area of operation and other relevant factors will disclose that Harshaw is a real "sleeper" and is destined not to remain in that category for too long a period.

Let us take a close look at Harshaw and see what we can find out.

History

Incorporated in 1897 as the C. H. Price Co., and in 1898 succeeded to the business of the Cleveland Commercial Co. formed in 1892. Name was changed to the Harshaw Fuller and Goodwin Co. in 1899 and to the present name in 1929. In 1941 purchased Cincinnati Scientific Co. and Menardi Metals Co., also the N. Y. and Ohio Chemical Co. was formed on a 50-50 basis with Stauffer Chemical. In 1942 Harshaw, together with Stauffer and Consolidated Chemical Industries, formed the Nyotex Chemical Co. In 1945 Lake Chemical was formed under equal ownership with the Calumet & Hecla Copper Co. 1953 Harshaw absorbed the assets of Rufert Chemical Co. and Laurel Products was formed as a 100% subsidiary.

Management

Among the directors are: W. J. Harshaw, President; J. H. Coolidge, Vice-President and Treasurer of Thompson Products Corp.; E. B. Green, Honorary Chairman of Cleveland Cliffs Iron Co.; E. R. Lovell, President Calumet & Hecla Copper; H. Stauffer, Executive Vice-President, Stauffer Chemical Co.

Fields of Operation

Electroplating Anodes, Chemicals and Processes: A product line of primary importance in Harshaw's manufacturing program includes chemicals and anodes for the electroplating of zinc, nickel, cadmium and lead. These products, as well as Harshaw's Bright Nickel and Perflow processes, are used in the electroplating of bumpers, grills, trim and accessories for automobiles. They find additional outlets in the manufacture of plumbing fixtures, electric appliances, tools, tubular furniture, kitchen utensils, and a host of other objects.

Fluorides: Harshaw has been a manufacturer of hydrofluoric acid for over 40 years. This product has a variety of uses, a few of which are the pickling of stainless steel and malleable castings, the concentration of minerals, for frosting electric light bulbs, for etching and polishing glass, and in some processes for the manufacture of high octane gasoline. A further use for this product is in the manufacture of freon, which is used as a refrigerant in refrigerators and as a propellent in aerosol bombs. This and other fluorine compounds constitute an important and expanding group of commodities manufactured by Harshaw. Fluorine compounds find outlets in the manufacture of synthetic floor tile, in the cleaning of boiler tubes, and even in the revitalizing of oil wells. This diversity of use is expanding continuously and offers a bright future for these products.

Preformed Catalysts and Catalytic Chemicals: Catalysts are chemical compounds or special mixtures which promote or accelerate desirable chemical reactions. Harshaw produces these materials for a large and growing group of industries. The company produces such products for the manufacture of edible oils and shortenings and for the production of synthetic detergents in common use in practically every household today. Other catalysts are used in the preparation of gasoline, permanent antifreeze, and synthetic rubber intermediates. The newly developed petrochemical industry is particularly dependent on catalysts in their highly complex reactions. The variety of industries in which these materials are necessary make this one of the important commodity groups in Harshaw's production program.

Ceramic Colors and Chemicals: Another important product line is that of ceramic colors and chemicals. Harshaw produces a wide variety of colors for the decoration of wall tile, floor tile, and sanitary ware, as well as for the decoration of all types of dinnerware and pottery. In addition, the company supplies colors for the decoration of glassware. These glass enamels are used for labelling returnable bottles, for glass signs, for the decoration of household glassware, and for coloring electric light bulbs. Harshaw also produces colors and opacifiers used in the enamelling of such items as kitchenware, stoves, refrigerators and bathtubs.

Driers: These commodities, as the name implies, are chemical substances which when added to paints and varnishes materially shorten the time of drying. As a group they are known as metallic soaps and have a large number of industrial uses. To meet the varying demands of industry, Harshaw manufactures many types of driers in both liquid and solid form. Besides their uses in paints and varnishes, they find extensive use in printing inks when rapid drying is essential. Driers are also used in the manufacture of linoleum floor coverings and other coated fabrics such as oilcloth.

Cadmium Pigments: In conjunction with the manufacture of driers, Harshaw produces a complete line of cadmium pigments in both the lithopone and C. P. grades. These colors range from maroon through the reds and oranges to the very light primrose yellows. These pigments are characterized by extreme stability, brilliance, and strength. Their acceptance by industry for use in automotive enamels and lacquers and in high grade industrial paints is due to these desirable properties. They have also found extensive use in latex water emulsion paints. Harshaw cadmium pigments are used in artists' oils and water colors and are employed in printing inks because of their color strength and alkali resistance. Other major outlets for cadmium pigments are the plastics industry and manufacture of artificial leather and coated fabrics.

Synthetic Optical Crystals: The Optical Crystal Division, started in 1936, boasts some of Harshaw's newest products. These synthetic crystals are used for infra-red and ultraviolet optics, and short wave radiation detection. The first large crystals were used for ultraviolet spectrometer applications, but soon the company developed others that today find use in infra-red spectrometers. Synthetic calcium fluoride crystals are used in microscope objectives and are incorporated in the lens systems of practically all of the better microscopes manufactured today. Other synthetic crystals, known as scintillation crystals, are being manufactured by Harshaw for radiation detection. The properties of these scintillation crystals account for their widespread use in the Atomic Energy field, the medical field, and for the accurate location of oil bearing strata in oil well logging.

Chemical Commodities Merchandised by Harshaw: In addition to chemicals of Harshaw's own manufacture, Harshaw has been distributing products of other chemical manufacturers for more than 50 years. These materials are supplied to industries such as photographic, pyrotechnic, leather, pharmaceutical, textile, insecticides and many others. The materials which are available from other well known chemical manufacturers supplement the list of manufactured items so that Harshaw can supply chemicals for practically every phase of modern industry.

Laboratory Apparatus, Instruments and Chemicals: The expansion of industry during the last two or three decades has been accompanied by a tremendous growth of research and testing laboratories. These laboratories have very large requirements for reagent chemicals and scientific equipment of all types. To serve the demands of this phase of industry, Harshaw established the Scientific Division, which now occupies a leading position in this field with Scientific sales offices in major cities throughout the country.

Defense Effort: Harshaw is justly proud of its position as a supplier of products necessary to national defense. The company's electroplating chemicals are in demand for the protection of parts for airplanes and warships. The Atomic Energy field is extremely dependent on hydrofluoric acid and its compounds, and production of aviation gasoline often requires the use of hydrofluoric acid. Glycerine is used in the production of synthetic resins and in the manufacture of dynamite, both of which have military outlets. Antimony oxide is the basis of flameproofing compositions used in military fabrics and for fire resistant paints. Copper me-

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Workingmen-Capitalists of Cuba

By S. RAYMOND DUNN

Mr. Dunn describes a new look in Cuba's economic history represented by the construction of the Habana-Hilton Hotel in Havana, having stockholders comprising, through their unions, the whole force of the hotel workers. The investment is made by the Hotel Workers' Retirement Fund. Says Cuban Government is helping project in many ways, and the new hotel when completed will attract a great number of tourists.

The Havana skyline will have a "new look" next year. There will also be a "new look" in Pan-American relations . . . and in economic history as well.

S. Raymond Dunn

The new look in the skyline of Havana will be the Habana-Hilton Hotel, with its 28 stories and its 630 rooms, representing an investment of over $10 million. The Habana-Hilton will occupy an entire block at the corner of L and 23rd Streets, two of Havana's busiest.

The new look in economic history will be supplied by the hotel's stockholders. These stock holders are the waiters, the cooks, the hotel clerks, the soda-fountain employees and the bartenders of Cuba. For the Habana-Hilton will be built by the Food and Hotel Workers' Retirement Fund (*Caja del Retiro Gastronomico*, for readers who like to brush up on their Spanish.)

This Fund handles the retirement and widows' pensions of the hotel and restaurant employees. Even the *croupiers* and dealers, whom you will watch with eager interest when you come to La Tropicana, Montmartre and Sans Souci, are covered. So are the coffee salesmen and the charming salesgirls at Havana's fascinating coffee-bars—one of the world's most picturesque institutions. (One of the best possible contributions to international friendship would be the sending of a typical group—say, two or three—of Havana's coffee salesgirls to New York as good will ambassadresses from Latin America. Developments of this nature are quite likely to start taking place within the near future. Cubans are becoming increasingly aware of the fact that unwise practices regarding tourists have been harmful to the country and that a dynamic, constructive program is needed. For example, "Carteles," one of the leading magazines, has devoted considerable space to this subject. As this gathers momentum, the results are going to be very considerable.) And the bathing attendants at Varadero, La Concha, Guanabo and all the other beaches are also covered by the Fund.

Each of these major groups of employees has its own union, and each union in turn has its delegate on the Board of Directors of the Retirement Fund.

Under Cuban law, every employee pays 3% of his wages to the Fund. Likewise, every employer pays 3%. And the Cuban Government has placed a 5% tax on all alcoholic beverages, specially allocated to this Fund.

The decision to go into the hotel business was made by the Board of Directors. The Board consists of six members representing the employees, six representing the employers and the President, who is employed by the President of the Republic. The delegates are elected through general elections conducted by the workers and by the employers respectively.

Why did the hotel and restaurant employees decide to go into the hotel business? The President of the Fund, Francisco Aguirre, tells us the story behind the news: For many years, both employers and employees have been requesting more attention to the development of the tourist business. Havana needs **more** hotels. Havana needs **more modern** hotels. The rest of the country (down here they call it "the interior" instead of "the rest") has similar needs.

Therefore, instead of investing in bonds, the workingmen of Cuba went into business, because they know that good profits are available. (As has been indicated, there are things "cooking" down here in the tourist line that are going to make the whole world sit up and take notice!) They decided to put their money in stocks instead of bonds.

All of the unions involved discussed the project in general assemblies, and it was approved by large majorities. It was also approved by the large majority of the employers, acting through their respective associations.

And so, in November, 1952, the decision was made unanimously by the Board of Directors.

President Aguirre stated that the project had been in the hands of Cuban and American interests for three years, but they had been unable to raise sufficient money. So now the workingham are doing it.

The Retirement Fund will own both the lot and the hotel. The actual operation of the business will be in the hands of the Hilton Hotels International. The Fund and this operating company will share the profits. The Fund has an assured income of $250,000 per year, even if there should be no profits, this is underwritten by the operating company.

The National Federation of Food and Hotel Workers' Unions has already signed a collective bargaining agreement with the operating company—just as with any other hotel.

President Aguirre stated: "The workers in Latin America are democratic workers. They are trying to show their confidence in

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Trust in the West

By IRA U. COBLEIGH
Enterprise Economist

A swift survey of the underlying elements giving strength and substance to the shares of Transamerica Corporation.

In the search for equity values not carried to the roof of the eager markets of the last few months, special attention has been given recently to the closed end trusts. These are generally of two orders, the diversified, or general market ones, such as Adams Express, Lehman Corp. or Tri-Continental, and the special situation ones such as Atlas Corporation and the topic for today, Transamerica Corporation. Further, since the biggest holding of Transamerica is in a life insurance company, a number of security savants, impressed with the dazzling upswings in Aetna, Connecticut General, Continental Casualty, and the 100%+ gains, in the past 12 months, of Travelers and Lincoln, have been busy reappraising TA as a major life stock. This may prove a rewarding pastime.

Ira U. Cobleigh

Transamerica, an investment holding company with book value above a quarter billion, and valued in the market at around $350 million, has its major stake in the Occidental Life Insurance Co. of California. It owns all the stock. While Occidental is not well known on the East Coast, it's going great guns west of the Rockies, and probably ranks among the fastest growing life companies in America. For example, at the end of 1949, it had but $2.168 billion of insurance in force. Only four years later, however (Dec. 31, 1953) this figure had grown to $4,582,000,000 (up 16% in 1953 alone). Occidental is now the 13th life insurance company in size in the U. S., and it is rapidly expanding in accident and health coverage, as well as in standard life insurance underwriting.

In appraising the worth of Occidental to Transamerica, it is carried on the books at $6,507,600 and yet is given an equity value in the financial statements of Dec. 31, 1953 of $47.6 million. A number of analysts think that, judging by current market prices of other life companies, this $47 million figure is low. Some value Occidental as equal to at least $20 per share of Transamerica. Of the $2.82 TA earned last year, Occidental alone contributed $1.06.

Other insurance subsidiaries include Pacific National Fire Insurance Co., Manufacturers Casualty Insurance Co., Paramount Fire Insurance Co. and the Automotive Insurance Co. These important holdings, plus Occidental, provided 45% of Transamerica's 1953 net profit. TA is big in insurance, and getting bigger.

Second in magnitude in its control and ownership of financial corporations, is a chain of banks on the West Coast having currently 158 offices in the most important areas of Washington, Oregon, California, Nevada and Arizona. Total deposits in these controlled banks are now almost $1.6 billion.

Of these, the biggest single one is the First National Bank of Portland which, in February of this year, acquired by merger 15 other banks (heretofore majority controlled by TA) and now offers in Oregon a complete banking service with 67 branches, and total assets of above $800 million. First of Portland is, today, the largest bank in the Pacific Northwest, and 25th in size in the U. S.

Other large affiliated banks include the Central Bank of Oakland, The First Trust and Savings Bank of Pasadena, The First National Bank of Arizona, The First National Bank of Nevada, and The National Bank of Washington. If you want to borrow money on the West Coast, or salt away a few million in deposits, Transamerica has a bank or a branch just waiting to serve you. They're very well managed banks too and probably worth considerably more if sold, than their values as carried on TA balance sheets.

Well, we've catalogued the banks and insurance companies. What else have they got? Well, they've got General Metals Corp. which turns out iron and steel castings and diesel engines. This company netted over a million last year.

Maybe you never heard of Columbia River Packers Association Inc. Well, they own that too; and even though you don't know the company, you've surely had a salad or a sandwich made from the "Bumble Bee" brand of canned tuna and salmon. That's a Columbia River Packers product, although I confess the connection between a bumble bee and a salmon seems pretty remote!

TA also has a real estate company called Capital Company. It develops and improves a lot of property and also boasts 113 producing oil wells and a sizable hunk of hopeful oil acreage. Related to real estate also is Allied Building Credits Inc., a $56 million company, which loans money to builders and then sells the loans it creates to banks.

Finally, TA has a cozy list of high grade marketable securities which it keeps in a $25 million portfolio. Plushest of these is a paltry 252,692 shares of National City Bank of N. Y., followed in order of magnitude by 65,594 shares of Firemen's Fund Insurance Co. and 25,000 shares in Citizens National Trust of Los Angeles. TA seems always to be attracted by banks.

We've tried not to bore you too much with the details of Transamerica's holdings, but it was necessary to jot them down to present the range and direction of the company's asset and earning power.

Three things rather stand out in review. First, Occidental Life, the major holding, has a value today and a potential for growth not extravagantly valued today either on the Transamerica report or in the market price of its shares. Life insurance stocks have only quite recently become popular with the general run of investors and Occidental, by any standard is a very good life stock with a demonstrably rapid expansion curve in the stockholder's equity.

Second, the string of banks is situated in one of the fastest growing population areas in the U. S. TA was, a while back, charged with being a banking monopoly by the Federal Reserve Board. These charges have since been withdrawn and, of course, TA did divest itself of its Bank of America holdings back in 1952. Should further holding company legislation be enacted, requiring sale of certain presently held bank shares, TA would undoubtedly realize a handsome capital gain for its shareholders. Assuming, however, continuance of the bank share portfolio intact, the growth in earnings and equity flowing to TA is still another reason to envision higher prices for TA over the years.

Thirdly, there's a tax gimmick. In addition to capital gains in portfolio, which most investment trusts will realize from time to time, up to $10 a share, spread over a number of years ahead, may be classified as tax exempt as "a return of capital." This feature is of importance to large investors.

The present yield on Transamerica at 36 is 3.6% assuming the current $1.30 dividend. This return is a bit low for good bank stocks which average today from 4 to 4.15%, but it's high for a life insurance company. In addition, TA enjoys listing and active trading on the New York Stock Exchange, a feature not found in other life insurance companies, and rarely in bank stocks.

So there you have it—Transamerica, a magnificent package of bank and insurance interest, a diversified investment portfolio and many facets leading to larger dividends and increasing book value. (Book value has grown from $9.43 in 1941 to $26.71 at the 1953 year-end.) 9,853,200 capital shares, sole capitalization, give you an actively traded and highly marketable equity in a uniquely prosperous enterprise. It's a big trust in the West.

Tower, Starbuck Formed

(Special to THE FINANCIAL CHRONICLE)

SANTA BARBARA, Calif. — Tower, Starbuck & Zozzora is engaging in a securities business from offices at 4 East Carrillo Street. Partners are Richard L. Tower, Edward B. Starbuck, Jr., and Anthony Zozzora.

Kenneth D. Sarles

Kenneth D. Sarles passed away in a local hospital Thursday, July 26, after a short illness. He had been a resident of Tampa, Florida, for the past two years. Mr. Sarles had been affiliated with several of the large investment houses, specializing in municipal bonds, for many years and at the time of his death was Executive Vice-President of Louis C. McClure & Co. of Tampa. He is survived by his widow, Mrs. Florence H. Sarles.

The State of Trade and Industry

Steel Production
Electric Output
Carloadings
Retail Trade
Commodity Price Index
Food Price Index
Auto Production
Business Failures

Despite appreciable gains in construction activity, total industrial output for the nation-at-large for the period ended on Wednesday of last week held at the previous week's level and was about 8% below the level of last year at this time.

Continued claims for unemployment insurance benefits in the week ended July 17 were unchanged from that of the previous period, while new claims in the week ended July 24 dropped 5%. Many of the new claims, it was reported, were due to unpaid vacation layoffs.

In the steel industry, steel producers are encouraged by grass roots reports from their salesmen that promise a pickup in orders, states "The Iron Age," national metalworking weekly, this week.

So far the prospects outweigh the orders, as the summer lull hangs on, but salesmen who have been beating the bushes for business all summer are receiving more encouragement than they have for months, it adds.

While steel people are noted for their caution, here are some positive reasons they believe their business will improve; declares this trade authority.

The number of customers who expect to order more steel soon is increasing. This includes automotive industry, steel's biggest customer, which takes about a fifth of all steel produced. However, the pickup in automotive orders probably won't come so soon as had been expected. Word from Detroit is that model changeovers may take longer than anticipated.

A majority of steel users have virtually completed inventory reduction. This means they will have to increase their steel buying merely to support production at the present rate. Any improvement in their business will raise steel buying at least that much more. Some manufacturers who have cut steel inventories to the bone may actually find it necessary to rebuild inventories a bit to support expanded production schedules.

The steel market has been getting unexpected support in the form of miscellaneous orders from a variety of small manufacturing plants and parts makers, in addition to construction and oil industries. If this support can be held, foreseeable gains from other big users should give the market a lift and finally, this trade weekly concludes, the overall economy has absorbed the shock of readjustment plus the summer slump and the climate seems favorable for general business improvement. Government defense and "nudge" programs will furnish an assist.

Domestic car and truck production dropped 2.5% last week for the lowest five-day volume of the year. The previous low was set July 19-24, at 122,789 units.

"Ward's Automotive Reports" counted 120,392 completions in United States plants against 123,482 the preceding week. In the same 1953 week volume was 135,482.

Resumption of operations at Hudson and Studebaker last week offset a dip at Plymouth (prior to its mid-August shutdown) to hold United States passenger car assembly to a 104,000-unit level.

However, a month-end production respite at Chevrolet plus start of a 14-day vacation shutdown at Willys pulled truck building down last week to 15,672 from 18,878 the week before.

The statistical agency, meantime, totaled domestic July output to 441,607 cars and 76,502 trucks, with 431,000 and 74,000, respectively, being lined up for completion in August.

Thus, it said, August truck output will represent the industry's fifth straight monthly decline and dip to the lowest level since November of 1949.

"Ward's" added that the late July Dodge Main Plant strike has evidently extended 1954 model output at the various Chrysler Corp. car lines by several days to nearly a week.

The reporting service commented, however, that Plymouth should end its run this week, with Dodge-DeSoto-Chrysler following a week to 10 days later.

"Ward's" said Aug. 16, will mark resumption of car output at Kaiser, Nash and Willys after two-to-six week vacation and inventory shutdowns.

Steel Output Scheduled to Ease a Trifle in Latest Week

Don't let today's easy steel procurement lull you into a squeeze this coming fall, says "Steel," the weekly magazine of metalworking. Right now you can get all the steel you want, but deliveries could be less prompt in October.

The largest single user of steel, the automobile industry, is poised for heavy production starting in November after model changeovers, it states. This would mean that steel would have to start flowing into the auto producers and their suppliers in October. Orders for October deliveries would start coming out next month. A substantial increase in steel buying by the auto industry might easily lengthen delivery times on some forms of finished steel several weeks, declares this trade weekly.

For December, auto production is being geared for near-capacity rates. This would mean an all-time peak for that period. Heretofore, December has been marred by model changeovers and factory shutdowns.

Right now, this trade magazine continues, the booming construction industry is a big support to steel demand. By late this year it may have some company. In addition to projected strengthening of demand from the automobile industry there may be substantial orders from railroad carbuilders and shipbuilders. Ordering of railroad cars has picked up. Notable is one order for 1,000 box cars. Several ships for the Navy have been ordered, and part of the hull steel for them will be bought in the fourth quarter.

While the current demand for steel remains slow in the United States, demand is rising in foreign countries, notably

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Electric Consumption At Peak; New Homes Termed Major Factor

Use of electric energy in homes on the American Gas and Electric System is at its highest peak in the history of the system.

Paul D. Brooks

According to Paul D. Brooks, commercial Vice-President of American Gas and Electric, the "boom" in home usage of electricity is being caused by increased sales of residential air conditioning, resistance home heating, heat pumps and the record sale of home appliances set in 1953.

Mr. Brooks stated that for the first time in the history of the AGE System, average residential usage in June went over the 200 kilowatthour mark. The 217 kwh. June average for homes represents an increase of 9% over the same month a year ago. Figures for the first six months this year show an average gain of 122 kwh. per home or a 9.3% increase over the same period last year.

From the end of 1946, when a $694-million postwar expansion program was begun on the AGE System, through December last year, average residential usage rose 92% and number of customers increased 53%. Cost to the residential customer has dropped 28%.

During this period annual usage increased from 1,308 to 2,516 kwh., number of residential customers went from 741,585 to 1,132,020, while the average cost to the residential customer declined from 3.3 to 2.58 cents per kwh.

Now With W. J. Hood

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Maine—Charles R. McKenney has been added to the staff of Walter J. Hood Co., 415 Congress Street. Mr. McKenney was formerly with Clayton Securities Corporation and in the past with J. Arthur Warner & Co.

Observations . . .

By A. WILFRED MAY

A New Long-Term Look at Common Stocks

Midst this new-New Era of the common stock, a recently-issued study of its long-term performance carries some significant connotations.

In a booklet "Common Stocks as Investments," Capital Research and Management Company of Los Angeles has traced the hypothetical individual's results from buying and holding since 1913 each of the 101 industrial and utility issues which were then listed on the New York Stock Exchange.

A. Wilfred May

This was done by including all of the New York Stock Exchange common stocks listed in the Jan. 10, 1914 issue of *The Commercial and Financial Chronicle* under the classification of "Various." (The other three classifications excluded were: "Railroads," "Express," and "Coal and Mining"). It was assumed that $10,000 was invested in each of these 101 stocks, and that they were held undisturbed during the 40 years.

Results

The total initial investment of $1,014,855 made in 1913 would have had a market value of $10,141,731 at the end of 1953—the equivalent of a return of 12% per annum, compounded annually.

As far as the individual issues are concerned, General Motors was the premier performer. A 1913 stake of $9,900 paid for 300 shares would have actually grown to $7,131,695 in total market value and dividends and rights received; a gain on the investment of about 72,000%! Similarly—an investment of $10,340 in Texas Pacific Land Trust would have grown to $1,361,250, a gain of 13,000%, and in Kresge a gain of 8,642%.

Preservation of Purchasing Power

The equities' record of preserving purchasing power over this period is most important, particularly in view of the present general worry over long-term inflation. In the face of a rise of 267% in the cost of living, meaning that the 1914 dollar was worth 37½ cents in 1953, the purchasing power of our equity investor was materially increased, to more than 5½ times the initial year's income, as fully adjusted for the cost of living change.

Negative Factors

Two factors, at least, should stand in the way of going off the deep end in making enthusiastic pro-equity conclusions from this study.

First, there is the revealed divergence in results from selections *within* the group of issues surveyed. The results vary all the way from the miraculous record shown by General Motors, down to a complete loss on five of the included companies. Furthermore, of the 101 company total, 10 would have shown a net *loss* on the original investment and 34 companies in 1953 showed a loss below the original 1913 cost (although 24 of them paid enough dividends to result in some net gain to the investor over the period).

The results varied from 5% of the companies which afforded no return whatever, to the 8% which showed a total investment accomplishment of over 4,000% for the 40-year period. While 35% of the issues showed an aggregate total investment accomplishment of over 1,000% for the period, 24% of the group showed a throw-off of less than 160% for the 40 years.

Excluding General Motors, this "fund" grew 650% in market value, versus 700% by the Dow Jones Industrial Average.

In the second place, there is the divergence between the performance of this group of issues and others—This is well demonstrated, as well as is the importance of the period selected—by citation of a study, conducted previously under the aegis of Robert Lovatt of Brown Brothers Harriman & Co., of the price performance of the 20 most popular dividend-paying issues (as measured by their trading volume at the beginning of the period) between 1901 and 1938. While the market as measured by the Dow Jones Industrial Average almost trebled in price, concurrently these 20 most popular issues suffered an overall decline of 39%, one-half of the issues shrinking by 50% or more.

The Conclusions

The conclusions which the two above-mentioned studies support, would seem to be two-fold, as follows:—(1) That common stock investment offers the *possibility* of satisfactory gain, including the offsetting of cost-of-living rises; but (2) That the certainty, or even probability, of such advantage definitely cannot be assumed.

Three With Reynolds

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Robert S. Burkholder, William C. Olsen and James K. McCormick have become associated with Reynolds & Co., 425 Montgomery Street. Mr. Burkholder was formerly with Paul C. Rudolph and Company.

Joins Walston Staff

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — La Faun Williams is now with Walston & Co., 265 Montgomery Street, members of the New York and San Francisco Stock Exchanges.

Joseph A. Thomas Director

Joseph A. Thomas has been elected a member of the Board of Directors of Tide Water Associated Oil Company, it was announced by President D. T. Staples.

Mr. Thomas, a graduate of Yale University and Harvard Business School, and a resident of Old Brookville, New York, is a partner of Lenman Bros., New York investment bankers. He is a director of many corporations including American Export Lines, Flintkote Co. and National Airlines Inc.

Merrill Lynch Adds

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Alexander C. Pon is with Merrill Lynch, Pierce, Fenner & Beane, 301 Montgomery Street.

We Must Face the Communist Challenge!

By RICHARD M. NIXON*
Vice-President of the United States

Vice-President Nixon, asserting ultimate objective of Communist leaders is world conquest, outlines as a policy to preserve peace and the American way of life: (1) military strength; (2) mutual defense treaties, and (3) military and economic assistance to weaker nations. Says we can still lose, even if these things are done, as we have already learned from affairs in Indo-China. Lists what the peoples of Asia want, and outlines program which should be supported.

The ultimate objective of the Communist leaders is to conquer the world by war if necessary and by other means if possible.

Richard M. Nixon

The works of Marx, Lenin and Stalin and the actions and words of the Communist leaders today clearly prove that they have never deviated from this objective.

This does not mean that they will not talk another language when it serves their purpose. For example, today we hear a great deal of talk about peaceful co-existence emanating from behind the iron curtain. We could make no greater mistake than to assume that the Communists mean what they say unless and until they produce deeds to back up their words. We must remember that time after time in the past 37 years the Communists have talked peace at a time when they have planned to wage war.

Shooting down unarmed transports is a strange way to show devotion to the idea of peaceful co-existence. I am confident that all Americans will agree that the President took exactly the right course in sending our rescue planes to the scene with orders to resist attack if fired upon. This kind of firm action is the only language that the Communists understand.

The Lesson of Indo-China

What must American policy be if we are to have peace and if we are to preserve the American way of life?

It is generally agreed that we must take the following steps:

(1) Maintain our military strength at a sufficient level so that the Communists will be deterred from beginning and aggressive war;

(2) Enter into mutual defense treaties with our allies so that we can deter overt aggression by the Communists against nations which individually have the will but lack the strength to resist such aggression but who can resist aggression provided they have assistance from other nations;

(3) Provide military and economic assistance to the weaker nations so that they can be strong enough to resist aggression from abroad and deal more effectively with internal subversion from within. However, we can do all these things and still lose. What is the great lesson we should learn from Indo-China?

(1) If the United States had been 10 times as strong militarily as we were it would not have affected the outcome in Indo-China.

(2) A traditional mutual defense pact like the NATO agreement would not have saved Indo-China. Such a pact would have, in effect, drawn a border line over which the Communists would not have dared to march. But in Indo-China, they did not march across the border, they went under it.

(3) More economic and military aid to Indo-China would probably not have effected the outcome. As much aid as possibly could be absorbed was being sent to Indo-China for months before the fall of Dien Bien Phu.

What then is the answer?

We could, as Under-Secretary of State Bedell Smith suggested yesterday, negotiate mutual defense pacts with our allies which would come into play in case of Communist attempts to take over a country by internal revolution as well as by overt aggression.

But even then we would not be getting at the heart of the trouble. What Indo-China proves is that where the will to resist does not exist it is not possible to save the people from coming under Communist domination. We saw this principle in reverse in Guatemala where the Communist army was 10 times as strong as the army of liberation. 90% of the people, however, were against the Communist government and it was only a matter of hours after the revolt against the government began before the Communist leaders had to run for their lives.

In other words, military strength, mutual defense treaties, military and economic assistance all operating together will not do the job alone unless the people are on our side.

What the Peoples of Asia Want

What do the people in the great uncommitted areas of Asia want?

Putting it simply they don't want what they have—they want something better.

(1) They want independence where they don't have it now. And they want to keep their independence where they have attained it recently.

(2) They want recognition of their equality as races and as peoples.

(3) They want economic progress.

The reason the Communists have succeeded in Asia is that they have aligned themselves with these causes.

But the record shows that wherever they have come to power they produce the opposite from what they promise.

What can we do about it?

We can expose and oppose the Communist idea. But exposure and opposition alone is not enough. If the choice of the uncommitted peoples is between leadership which offers something different, even though they are skeptical of the offer, against leadership which offers only a continuance of the status-quo there is no question but that they will turn toward those who promise a change.

What we must do is to offer a postive alternative. The people in the uncommitted areas of the world must be convinced that there is a better way to get what they want than through following Communist leadership. We have an outstanding case to sell. Take for example, the issue of independence.

We fought for our own independence.

We gave the Philippines theirs.

We helped Indonesia get hers.

We suffered 150,000 American casualties aiding Korea to defend hers.

We have offered Puerto Rico hers.

On the other hand, the Communists have taken independence away from every nation they have occupied.

Take the issue of economic progress. Our aid programs have provided over $30 billion to nations abroad without strings attached. The Communists on the other hand have exploited every nation they have occupied in order to build up the Soviet homeland.

In the past most Americans have recognized the necessity to support a policy which would keep America strong militarily, deal effectively with the threat of Communism in the United States, and develop mutual defense pacts with as many of our allies as are willing to stand with us.

A Program Outlined

We must have the same enthusiasm for, and give the same support to, additional course of action which deal with the heart of the problem and which are aimed at stopping revolutions before they get started.

In this category we have for example.

(1) An economic program relying on trade where possible and aid where necessary so that people who want to remain on the side of the free nations are not forced by economic necessity to become unwilling satellites of the Communist world. Such a policy, for example, is essential in the case of Japan.

(2) We must not be niggardly in supporting the programs which will get across the truth about the Communist world and the free world to peoples who are being subjected to a tremendous propaganda barrage by the Communist leaders. Nothing could be more penny-wise and pound-foolish than to refuse on grounds of "economy" to spend adequate amounts on our information, library and exchange programs.

(3) Every American can help to make our country the symbol of equality for all our citizens regardless of race, creed or color. It is simply impossible to estimate the damage which is done to the cause of freedom by evidences of prejudice which occur in the United States and which are blown up out of all proportion by Communist propaganda agents.

What we must do it to recapture the spirit of the American revolution. In the early days of the Republic, America was a symbol for men everywhere who wanted independence for their nations, equality and freedom for individuals and economic progress and a better way of life.

We cannot expect other peoples to adopt political and economic systems exactly like our own. But we can convince them by what we say and what we do that the best hope for the world lies not in turning toward dictatorship and tyranny of any type but in the development of a society in which nations can be independent, men can be free, and peoples can live together in peace and friendship.

*Excerpts from an address by Vice-President Nixon before the National Convention of Veterans of Foreign Wars, Philadelphia, Pa., Aug. 2, 1954.

Grant D. Shanklin Is With Cruttenden & Co.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Grant D. Shanklin has become associated with Cruttenden & Co., 209 South La Salle Street, members of the New York and Midwest Stock Exchanges. Mr. Shanklin was formerly Vice-President of Francoeur & Company, Inc., with which he had been associated for many years.

Impressions of Sweden, Swedish People and the S.S. "Kungsholm"

By ALEXANDER WILSON*

A New York newspaper man, affiliated with the "Chronicle," records personal impressions of his fellow passengers on a recent cruise to Bermuda on the S. S. "Kungsholm," famous Swedish American liner, and pays a striking tribute to Sweden, Swedish character and achievements.

To world travelers in search of something new, something different in locale and atmosphere, Bermuda may be said to be out of this world and singularly free from many of the humdrum perplexities and perspectives of our earthly requirements. For things proceed at a slower tempo in Bermuda than in the hurried world which most Americans live in daily.

Alexander Wilson

Before making the "Kungsholm" cruise to Bermuda, the writer, like many American correspondents, thought the Swedish people were a passive, undemonstrative, slow speaking, slow moving, slow thinking, a too mild mannered race lacking in fervor and objective for these modern times.

The writer of these lines had an enviable opportunity to observe the characteristics of his fellow passengers on the "Kungsholm" recent cruise to Bermuda and he found to his surprise that the Swedish people aboard ship as a class were as warmhearted and vibrant in their family relations, social activities and as proud of their traditions, culture and civilization as any race or nationality extant.

It was noticeable to this observer that while the Swedish people as a class love to eat, drink, dance and sing to their hearts content aboard ship, they went out of their way to share their happiness and fun with their fellow passengers on this delightful cruise.

So what is said above about these friendly people is not an exaggerated picture of the Swedish people's traits, either at rest or in their active pursuits.

The government subsidized ship "Kungsholm" is the Swedish people's especial pride because it exemplifies in a big way Swedish initiative and mechanical progress for this palatial ship has every conceivable modern marine gadget and constructively is considered one of the finest passenger ships afloat.

The Swedish American Line was the first line in the Atlantic service to pioneer the motor driven ship.

The world owes the invention of the cream separator (by De Laval 1880) and the improved screw propeller (by Ericksson 1837), the depth bomb (by Unge 1903) and dynamite (by Nobel 1867) to the inventive genius of Swedish minds. Dynamite, the product of Nobel's brain, has been one of the world's great peacebuilders in tunneling mountains and underground passages, foundations for large and small buildings and highways and in removing difficult obstructions of all kinds which impeded man's engineering and construction progress.

Collectively speaking, we Americans are somewhat of a provincial people in assuming that all foreign nationals are secondary and inconsequential compared to the citizens of our beloved country.

But the writer wishes to say, with all the sincerity he possesses as a newspaper man who traveled Europe in his earlier days, that we Americans actually have to live and mix with other nationalities before we can thoroughly appreciate and appraise their views and objectives at face value.

It is then that we discover that we, Swedes and Americans alike, are all brothers under the skin and that the other fellow — Swiss, Frenchmen, Englishmen, Germans, Belgians and all other Continentals—are just as smart, resourceful, enterprising and versatile as we Americans presumptuously think we are.

Is there anyone who has forgotten the humanitarian contribution that the Swedish American Line ships, the old "Kungsholm" and the old "Gripsholm" rendered to this country during World War II in safely convoying tens of thousands of sick and maimed American soldiers from the European Theatre of war to our shores?

So the writer wishes to say to his fellow Americans that Sweden ranks as a nation of brave, resourceful and patriotic spirits; a staunch friend of U. S. A. and a foremost nation which practices and stands for Peace and peaceful pursuits second to none in this troubled and upset world today.

Sweden's calm and dispassionate judgments and peaceful endeavors during the past century for the betterment of the human race, are qualities sadly lacking but much needed in a world beset with hate and misunderstanding.

This then is the humble tribute of an American newspaper man to a wonderful nation of Peace lovers and forward looking people—God's best—the sons and daughters of Sweden!!!

If there be a doubting Thomas after reading this article, the writer's concluding advice to him would be: **visit Sweden, get acquainted with the Swedish people and see things for yourself.**

*Writer on international problems and current political questions.

F. E. Sweetser With Dreyfus Corp.

Frank Eliot Sweetser has joined the Dreyfus Fund as Vice-President, it is announced by The Dreyfus Corporation, 50 Broadway, New York City. Mr. Sweetser was formerly Vice-President of Value Line's Investors Counsel, Inc.

Southeast'n IBA Group To Hold Annual Mtg.

BALTIMORE, Md.—The Southeastern Group of the Investment Bankers Association of America will hold their annual meeting and conference at the Homestead, Hot Springs, Va., Sept. 24 through Sept. 26. Harvey B. Gram, Jr., Johnston, Lemon & Co., Washington, D. C., and W. Wallace Lanahan, Jr., Stein Bros. & Boyce, Baltimore, will serve as Co-Chairmen of the meetings and entertainment committee.

Joins Stone & Webster

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Roy W. Michel, Jr. has become associated with Stone & Webster Securities Corporation, 33 South Clark Street. Mr. Michel was formerly with Blyth & Co., Inc., in Chicago and Houston, Texas.

From Washington Ahead of the News

By CARLISLE BARGERON

President Eisenhower remarked several months ago, at a press conference, that he was being frequently advised that a particular proposal might be the right thing to do, but it was not the political thing to do. He had about decided to do what he considered to be the right thing in the belief that this would also be the political thing to do.

Carlisle Bargeron

A test of his theory should come in November on the issue of his having at long last brought an end to the rigid farm support program. More specifically, the devout Mormon Secretary of Agriculture, Mr. Benson, has brought an end to it. But the President backed him up at a time when the Washington political prognosticators were saying that he couldn't possibly last long in the Cabinet, and when some Republican Senators of influence were demanding that he resign.

What has been accomplished by the President and his stubborn Secretary of Agriculture is undoubtedly what "all right thinking people" would call the right thing. For the rigid 90% crop support we are now to have a flexible support program of from 82½ to 90%. The Administration wanted from 75 to 90% but the compromise is unquestionably an Administration victory, and something that a few months ago, most Washington observers would have predicted it had little or no chance of attaining.

I suppose the economists and the "thinkers" were in pretty much agreement that our present farm program was without either rhyme or reason. But that is not the political problem that Mr. Eisenhower faced. The question was whether his flexible program meant a rout of the Republican party in the Midwest.

This is what most of the Republican Midwest Senators and members of the House pleaded with him would happen. His Secretary of Agriculture argued that it would not and he was mostly alone in this respect. The President stood by him on the ground that the right thing and the political thing are synonymous. Now we shall see what we shall see.

The Democrats will unquestionably go to town on the issue of Mr. Eisenhower's "automobile cabinet" and how it allegedly thinks only of adding to the wealth of the already rich. It is an old and familiar theme. The problem of the Republicans is to convince the farmers that they were living in an impossible economy and that what has been done is in their interest.

In the controversy Ezra Taft Benson will stand out as a shining light of honesty and genuineness. Indeed, even those Republican members of Congress who voted against him, agree that he and Secretary of the Treasury, Humphrey are the Administration's two strongest assets. Benson admittedly would not pass the first grade in what is known as practical politics. Humphrey has dealt with politicians for a long time. Although he has never, of course, run for office he has acquired considerable sophistication about the game.

Benson knows nothing about it. A high apostle of the Mormon Church, he does know agriculture, farm problems and the economics of the farm. He is just as firmly convinced of the need of dropping the rigid crop support program as he is in the need of prayer. On this latter subject Senators and Congressional leaders were at first somewhat taken back when upon having luncheon with the Agriculture Secretary he would first ask permission to pray. They got used to it and it seems that by and large they got used to his firm approach to the farm problem.

There was a time in Coolidge's Administration when the Vermonter ignored the farm belt agitation, far stronger then than now seems to be the case, and his Republican party suffered not the slightest ill effect.

But the Democrats ran Al Smith as his successor, against Herbert Hoover. No farm discontent showed up in the Hoover victory but Al Smith's candidacy injected matters into the campaign far afield from farm economics or the pocketbook. Dewey has a healthy respect for the farm vote after his experience in 1948. And in that instance the Democrats used the shabbiest of propaganda on the farmers.

Such demagoguery as they used may not be effective against Benson. His honest stubbornness is fortified with facts and figures and the three virtues may win. There is this difference, though. The Republicans in the Coolidge days had a wide margin in Congress. This time they can's afford to lose a single member to maintain their control of the House.

It would be mighty interesting, though, if Benson's wholesomeness were to catch on.

Now With Draper, Sears

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Maine—Carlyle A. MacDonald has become associated with Draper, Sears & Co., of Boston. He was formerly with du Pont, Homsey & Co., Clyde F. Frost & Co. and Bowers & Company.

Beer & Co. Adds

(Special to THE FINANCIAL CHRONICLE)

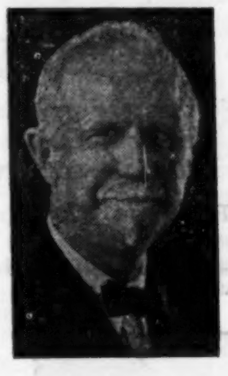
NEW ORLEANS, La.—Nash O. Wickliffe has become connected with Beer & Company, 233 Carondelet Street, members of the New York and New Orleans Stock Exchanges.

The New Tax Law

By ROGER W. BABSON

Asserting the new tax law will help everybody, Mr. Babson reviews its provisions to ease "hard luck" and "baby sitting," as well as relief for dividend and retirement money. Calls attention to more liberal allowances for depreciation, and holds big business and the rich are benefited very little in the proposed new tax set up.

The new tax law will help everybody. It is the first complete revision of all the Federal tax laws which has taken place for many years.



Roger W. Babson

One of the first things recognized is that we all should get easier tax treatment for misfortune. This includes everything from sickness and accident to business losses. Not only are allowances made for this year's hard luck, but we are also allowed to charge these losses against a greater number of previous years' gains. Limited child-care expenses for low-income parents are exempted.

You may deduct medical expenses above 3% of income, instead of 5% as at present. But, you must remember that from now on you may only deduct sums spent for drugs and medicine above 1% of your income. Mothers, or widowers, who must work to support children under 12 or other dependents, and any woman whose husband is incapacitated, or working couples with combined family income of less than $4,500 may deduct up to $600 spent for child care. If you miss work because of an illness or an injury, you are entitled to tax exemption on payments made to you by your employer up to $100 a week. The exemption does not apply in the first seven days of an illness, unless you are hospitalized.

Relief For Dividend and Retirement Money

If you are a stockholder, you won't have to pay any tax at all on the first $50 of income in dividends. Furthermore, you can take 4% of any dividend income above $50 and deduct that from your tax payment. Although the double taxation of dividends is wrong and dishonest, I do not feel so badly that the President's request was not fully granted, especially in the case of young people. Older people who cannot work and are wholly dependent upon dividends should have total relief, but not everyone. In fact, the discrimination should perhaps be by ages, rather than by the total dividends received, expect when they are reinvested in the stock of the same company. You won't have the basic 20% tax rate on the first $1,200 of retirement income received after you pass 65. If you are a retired government employee such as a teacher, fireman, or policeman, you can get the benefit even though you're under 65. If you have a child who is under 19 or is in college and who has a job which pays him more than $600 a year, you can continue to list him as a dependent with a $600 exemption on your return if you pay half of his support. If your husband or wife dies, you may continue for two years to get the full benefit of income splitting by a joint return.

Help For Businessmen

If you are a businessman or farmer, you may use the new double declining-balance method of quick depreciation on a plant or piece of equipment. This means that in the first years of life, you can write-off twice the amount for depreciation now allowed; thus you can concentrate most of the write-off in the early years of use of the item. A corporation may get other relief, including: More liberal treatment for research expenditures; greater freedom to set aside surpluses; the right to offset a loss against profits of two prior years instead of one as now; greatly expanded depletion allowances for mining companies; a cut-off date of April 1, 1955, for the 52% corporation tax rate, when it automatically drops to 47%. If you are a farmer putting a lot of money into soil rebuilding, you may deduct these outlays up to 25% of your gross business income.

Installment Buying

To help business, installment buying is being encouraged by allowing you to deduct the carrying charges on all such purchases. To help churches, hospitals, and colleges, we can deduct, as tax-exempt income, 30% of our contributions to such, instead of the former 20%. The main purpose of these new tax laws is to help struggling parents and struggling businessmen. Big business and the rich are benefited very little.

The date when we must file our returns is extended from March 15 to April 15. Furthermore, married couples filing joint returns and who have a family annual income of less than $10,000 (most of it subject to withholding) no longer need to file an advance estimate of their tax. This simplifies filing for millions of people. For these changes we can thank both the Republicans and Democrats.

Dealer-Broker Investment Recommendations & Literature

It is understood that the firms mentioned will be pleased to send interested parties the following literature:

Aircraft & Auto Stocks—Analysis of prospects—plus 4 weekly editions of ratings & reports on over 200 stocks and 14 industries, and a 16-page summary of recommendations—$5—Dept. CF-9, The Value Line Investment Survey, 5 East 44th Street, New York 17, N. Y.

Bache Selected List—Analysis of securities in 34 basic industries—Bache & Co., 36 Wall Street, New York 5, N. Y.

Bank Stocks—89th consecutive quarterly comparison of leading banks and trust companies of New York—New York Hanseatic Corporation, 120 Broadway, New York 5, N. Y.

Department Store Shares—Analysis with particular emphasis on **R. H. Macy & Co.**—Jacques Coe & Co., 39 Broadway, New York 6, N. Y.

Earnings Performance of Japanese Listed Stocks—In current issue of "Weekly Stock Bulletin"—The Nikko Securities Co., Ltd., 4, 1-chome, Marunouchi, Chiyoda-ku, Tokyo, Japan.

German Dollar Bonds—Bulletin—New York Hanseatic Corporation, 120 Broadway, New York 5, N. Y.

Investment Opportunities in Japan—Circular—Yamaichi Securities Co., Ltd., 111 Broadway, New York 7, N. Y.

Japanese Plastics Industry—Analysis in June issue of "Monthly Stock Digest"—Nomura Securities Co., Ltd., 1-1 Chome, Nihonbashi-Tori, Chuo-ku, Tokyo, Japan and 61 Broadway, New York 6, N. Y.

"Let Robot Do It"—2nd printing of "Highlights" on automation—Troster, Singer & Co., 75 Trinity Place, New York 6, New York.

Over-the-Counter Index—Folder showing an up-to-date comparison between the listed industrial stocks used in the Dow-Jones Averages and the 35 over-the-counter industrial stocks used in the National Quotation Bureau Averages, both as to yield and market performance over a 13-year period — National Quotation Bureau, Inc., 46 Front Street, New York 4, N. Y.

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Sulphur Stocks — Card Memorandum — Vickers Brothers, 52 Wall Street, New York 5, N. Y.

American Broadcasting-Paramount Theatres, Inc. — Analysis—Joseph Faroll & Co., 29 Broadway, New York 6, N. Y.

Baltimore & Ohio Railroad—Memorandum—Eastman, Dillon & Co., 15 Broad Street, New York 5, N. Y.

Baltimore & Ohio Railroad—Memorandum—Hirsch & Co., 25 Broad Street, New York 4, N. Y.

California Pacific Utilities Company — Analysis — First California Company, Inc., 300 Montgomery Street, San Francisco 20, Calif.

Central Indiana Gas Company—Analysis—Sutro Bros. & Co., 120 Broadway, New York 5, N. Y.

Central Public Utility Corp.—Memorandum—H. Hentz & Co., 60 Beaver Street, New York 4, N. Y. Also available is a memorandum on **Federal Paper Board Co.**

Chattanooga Gas Company—Analysis—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Diana Stores Corporation—Analysis—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Eastern Utilities Associates—Memorandum—Robert W. Baird & Co., 110 East Wisconsin Avenue, Milwaukee 1, Wis.

Thomas A. Edison, Inc.—Analysis—Cohu & Co., 1 Wall Street, New York 5, N. Y. Also available are analyses of **National Cylinder Gas Co.** and **Girdler Corporation**, and **S. Morgan Smith Co.**

International Nickel Company of Canada Ltd.—Bulletin—Nesbitt, Thomson and Company, Limited, 355 St. James Street, West, Montreal, Que., Canada.

Kentucky-Utah Mining Company—Special Report—Whitney & Company, 10 Exchange Place, Salt Lake City, Utah.

Madison Gas & Electric Company — Analysis — Loewi & Co., 225 East Mason Street, Milwaukee 2, Wis.

Manning, Maxwell & Moore, Inc.—Card Memorandum— G. A. Saxton & Co., Inc., 70 Pine Street, New York 5, N. Y.

McDonnell Aircraft — Memorandum — Kidder, Peabody & Co., 17 Wall Street, New York 5, N. Y.

Revere Copper & Brass—Analysis—Harris, Upham & Co., 14 Wall Street, New York 5, N. Y.

Riverside Cement — Analysis — Lerner & Co., 10 Post Office Square, Boston 9, Mass.

Sinclair Oil Corporation—Analysis—Peter P. McDermott & Co., 44 Wall Street, New York 5, N. Y.

Sterling Drug, Inc. — Analysis — E. F. Hutton & Company, 61 Broadway, New York 6, N. Y. In the same bulletin is also an analysis of **Oils.**

Texas Pacific Land Trust—Analysis—Bruns, Nordeman & Co., 60 Beaver Street, New York 4, N. Y.

Utco Uranium Corp.—Memorandum—Amos C. Sudler & Co., First National Bank Building, Denver 2, Colo.

West Coast Life Insurance Co.—Bulletin—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Western Kentucky Gas Co.—Memorandum—Beil & Hough, 33 Fourth Street, North, St. Petersburg, Fla.

Westinghouse Air Brake Company — Analysis — Thomson & McKinnon, 11 Wall Street, New York 5, N. Y.

President Signs Amendments to SEC Acts

Measure provides for wider use of offering prospectuses for new securities issues and permits greater use of advertising in the interval between filing and effective date of registration.

President Eisenhower on Aug. 10 signed into law the measure passed by Congress which made several changes in the Acts administered by the Securities and Exchange Commission. This new measure, the SEC has stated to the press, represents the first Amendment to Acts administered by the Commission in a number of years. The chief provisions of the Amendments as reported July 28 to Congress by Senator Bush of Conn., a member of the House-Senate Conference Committee on the Bill, were as follows:

Prescott Bush

Disseminating Information During Waiting Period

In line with the basic purpose of the Securities Act of 1933—to provide investors with adequate information concerning securities publicly offered—the bill permits written offers during the waiting period by means of a prospectus filed with the Commission prior to its use. It would remove the difficult concept, inherent in present practice, that it is permissive—obligator under SEC rules—for an underwriter during the waiting period to disseminate information but illegal to solicit offers. The amended act, however, continues to make unlawful sales, contracts to sell, and contracts of sale before the registration statement becomes effective.

Use of Prospectuses After Effective Date of Registration

The Securities Act of 1933 requires that any dealer must deliver a prospectus in the initial distribution of a security—regardless of how long the distribution takes. It further requires the delivery of a prospectus in trading transactions for one year after commencement of an offering. This latter provision is amended to reduce the one-year period to 40 days after the effective date or the commencement of the public offering, whichever expires last. The one-year period for trading transactions — as distinguished from actual distribution—has long been recognized as unrealistically long.

For certain types of investment companies which continuously offer securities the Investment Company Act of 1940 is amended so as to provide for mandatory use of prospectuses over a longer period.

Simplification of Information Requirements for Prospectuses Used for More Than 13 Months

Prospectuses which are used more than 13 months after the effective date of the registration statement now require information more recent than the information in prospectuses used prior thereto. In order to equalize the requirements the act is amended to provide that where a prospectus is used more than nine months after the effective date, the information contained therein shall be as of a date within 16 months of such use.

Extension of Credit by Dealers in New Issues

The prohibition against extending credit to purchasers of a new issue by dealers for six months after the offering period is considered unnecessarily long. The amendment reduces the six months' period to 30 days.

When-Issued Trading

This is a technical amendment for the purpose of removing an ambiguity in the present law. This is accomplished by eliminating the last sentence of section 12 (d) of the Securities Exchange Act of 1934 which is unnecessary for the accomplishment of its stated purpose. The current regulations of the Commission plus the overall rulemaking authority now provided by section 12 (d), and retained by the bill, afford adequate means for dealing with future problems as to "when-issued" trading.

The Offering of Institutional Type of Debt Securities

The Trust Indenture Act of 1939 seemingly requires inclusion in a prospectus of a summary of certain specified indenture provisions. Since the Commission can deal with disclosure problems through its rulemaking power, and since the substantive provisions required to be included in indentures qualified under the act would not be changed, this requirement is unnecessary. The amendment should facilitate the simplification of prospectuses.

Instead of, in effect, requiring investment companies, which engage in continuous offerings of their shares, to file new registration statements under the Securities Act each year, the amendment would permit such companies to increase the number of their registered shares by amending their registration statements.

In addition to these matters, the bill, as passed by the Senate, contained a provision which would amend section 3 (b) of the Securities Act to increase from $300,000 to $500,000 the maximum amount of exemption from registration which may be provided by appropriate rules of the Commission. The House of Representatives deleted this provision from the bill as passed by the Senate. While your managers recommend that the Senate agree to the amendment made by the House, I believe it important to indicate the considerations which led to the inclusion of this provision in the Senate bill.

The amendment of section 3 (b) was designed to make the capital market more readily available to small businesses and at less expense, in accordance with the recommendation of the President in his Economic Report to the Congress. It was thus conceived as a part of the securities law amendment program for the purpose, "while fully protecting the interests of investors," of "making the capital markets more accessible to businesses of moderate size"—report of the President, 83d Congress, 2d session, House Document No. 289, Jan. 28, 1954, page 86. Incidentally, I would like to point out that the amendment increasing the exemption for the smaller securities issues was very strongly advocated by the Chairman of our Committee on Banking and Currency, Senator Capehart, as well as by the ranking member on the Democratic side, Senator Maybank.

It should be emphasized that the proposed amendment of section 3 (b) would not have made the increased exemption automatically available. It would have served only to increase the permissible and maximum amount of exemption from the registration provisions of the act subject to the terms and conditions provided in relevant regulations of the Commission.

In its regulations under section 3 (b) of the act, the Securities and Exchange Commission requires an offering circular to be delivered to the prospective purchaser and may by order suspend or deny the exemption because of fraud, threatened fraud, or other violation of the regulations. Persons using the offering circular are subject to civil liability and other sanctions for fraud and other inaccuracies under sections 12 and 17 of the Securities Act of 1933. Under present regulations these offering circulars which contain financial statements are examined in the Commission's regional offices before they may be used. It is the opinion of your Committee on Banking and Currency that the filing with and the scrutiny of the Commission of the literature employed under the exemption affords substantial safeguards.

As I have already indicated, a principal reason for increasing the exemptive amount was the disproportionate cost of registration for small issues. After careful consideration of the testimony of witnesses who appeared before your committee and urged an increase in the exemptive amount and of the considered views of the members of the Securities and Exchange Commission, your Committee on Banking and Currency was of the view that an increase of the exemptive amount, subject to appropriate safeguards, would be in the public interest.

Taxes and a Sound Economy

By H. FREDERICK HAGEMANN, JR.
President, Rockland-Atlas National Bank
Boston, Mass.

Boston banker attacks tax policy which aims to redistribute the income of the citizenry. Asserts history fails to reveal a single case where this "Santa Claus" principle has made everyone equally happy. Describes various kinds of taxes, and the ill effects of high progressive tax rates. Says dilemma between destructively high income taxes on one hand, and inflationary deficit financing on the other, can be solved only by reduction of government spending. Concludes a balanced budget at a reasonable level will permit a more equitable tax structure.

The burden of taxes rests on rich and poor. Only the pauper is exempt.

As citizens we have decided that certain responsibilities such as national defense, police protection, the administration of justice, and certain other functions can best be handled by the concerted action of all the citizens working through the government. Since the government has no wealth of its own, it has to draw on the wealth of the people to defray the expenses of carrying on the multiple functions assigned to it. The more duties assigned to government, the larger its expenses and the more it will have to take from the people in the form of taxes.

H. F. Hagemann, Jr.

Functions of the Government

There was a time when the only functions assigned to government were the protection of the individual citizen from "fraud" and "force," both domestic and foreign. But today the great majority of the people feel that, in addition to these original functions, the government should extend its activities to modify the ups and downs of business conditions, and to enforce what the majority consider "fair play." In recent years the idea of fair play has been extended to making provisions for many sorts of welfare activities never contemplated by the people who founded our government. Government today is requested by the majority to carry on certain additional activities that are considered to be for the benefit of the people as a whole—activities which cannot be performed as well by the individual or which are beyond the financial reach of the individuals who comprise the majority.

Once the majority of the people indicated at the polls that they were agreeable to enlarging the scope of government activities to a limited extent, the politicians have not been bashful about taking their cue. On their own initiative or urged on by minority groups, bureaucrats have expanded their scope and taken over additional activities and functions without waiting to be asked specifically to do so by the majority of the people.

Taxation and Welfare Expenditures

Since the government is an agency whose activities are not designed to produce wealth, but to permit the individual to produce wealth and enjoy the pursuit of happiness, it must be supported by "contributions" from the individual in such amounts as are necessary. These "contributions" or taxes reduce the individual's spendable income, but in theory at least only reduce his standard of living to the extent that he is not given services by the government that he otherwise would pay for directly.

However, when government through taxation and welfare expenditure attempts to redistribute the income of its citizenry, it has gone beyond this concept. In this instance one segment of society has its standard of living lowered by paying taxes in excess of benefits received, while another segment has its standard of living raised by receiving in benefits more than it pays in taxes. In time this "Santa Claus" feature of "soak the rich" taxation liquidates itself, as society is leveled out. Then each taxpayer has to pay in taxes the exact amount necessary to cover the cost of the government services he receives. History fails to reveal a single case where through the pursuit of the "Santa Claus" principle of taxation, governments have made everyone equally happy, but too often history records that governments have succeeded in making everyone equally miserable.

Kinds of Taxes

In this country we have what are called "direct taxes" and what are called "indirect taxes."

Individual income taxes are direct taxes and are levied on the person enjoying income from wages, rents, dividends, interest, or the profits of partnerships carrying on business or professional operations. Taxes on telephone calls, taxes on cigarettes, taxes on gasoline are all direct taxes. They are paid at the time of purchase by the person that is buying the service or article taxed. This type of direct tax when applied to the great bulk of the articles purchased is termed a "sales tax." Taxes on real and personal property of the individual are also direct taxes. Probably the simplest direct tax is the poll tax as a man only has to be alive to be subject to it. The individual income tax mentioned above is the most complex direct tax.

Taxes levied on corporations, however, are indirect taxes. Taxes levied on corporations become part of the cost of the article produced by the corporation and form part of the retail price of such articles. A corporation is an organization of capital, labor and management which transforms raw material into articles desired by the consumer. It has no other source of revenue but what it gets from the consumer and all taxes levied on it in the final analysis must come from the consumer. A baking company, if it is to be successful and stay in business, must charge for its bread prices that will cover materials, wages, management return on capital and taxes paid by it. If taxes are increased, prices must be increased. Thus the consumer pays these taxes indirectly.

All taxes ultimately are paid by people. Whether taxes are direct or indirect **the tax is always paid by the person who enjoys the thing that is taxed.**

Proportional vs. Progressive Taxation

The economist, Adam Smith, suggested certain principles in regard to taxation which are briefly as follows:

(1) "The subjects of every State ought to contribute to the support of the government as nearly as possible in (direct) proportion to their respective abilities, that is in proportion to the revenue which they respectively enjoy under protection of the State.

(2) "The tax which each individual is bound to pay ought to be certain and not arbitrary.

(3) "Every tax ought to be levied at the time, and in the manner which is most likely to be convenient for the contributor to pay.

(4) "Every tax ought to be so contrived as to both take out and keep out of the pockets of the people as little as possible over and above what it brings into the public treasury of the State."

Those principles still seem sound, but the principle of **proportional** taxation has been replaced in part of the tax field by **progressive** taxation. After the adoption of the 16th Amendment to the Constitution of the United States in 1913, a Federal Income Tax Law was enacted which provided for progressively higher rates on higher incomes. At the time of the adoption of the first Federal individual income tax, the top Federal income tax rate was 7% in contrast to the top rate currently which is 91%. Too often the rate on individual incomes has been set just as high as possible so as to get as much revenue as possible without completely destroying incentive and thus killing the goose that lays the golden egg.

Of course, there is almost always pressure to increase taxes in order to provide more revenue and there is often pressure from certain groups to use high rates on individual income taxes for social reform purposes.

As we in this country have abandoned the principle of straight proportional taxation as far as Federal Income Taxes are concerned, it should be our endeavor to see that the arbitrarily progressive rates are as equitable as possible. We should realize that the overall economic condition of the country is improved through capital formation out of earnings and savings. It has been through retained earnings of corporations and through individual savings that capital has been accumulated in this country and invested in new factories and machinery. These facilities in turn have been an important factor in the increased production per worker, and in the increased wages and higher standard of living of the American workman. High individual tax rates should be guarded against, as they tend to discourage thrift and cut down productivity, and ultimately to harm the entire economy.

Deficit Financing

While lower individual and corporate income tax rates are a desirable objective, they should not be realized by resorting to deficit financing, because such deficit financing requires either continuous government borrowing or the printing of irredeemable paper money. Government borrowing through the sale of bonds to the people, inasmuch as the bonds must some day be repaid with funds derived from taxes, merely shifts the burden of taxation to future generations. Irredeemable paper money or bank deposits arbitrarily created by the government to pay its bills, increases the number of dollars in circulation without increasing the supply of goods and services. Because there are more dollars competing to buy the same quantity of goods and services, a general price increase results. All dollars held by all citizens in savings, and all earned dollars are able to buy less than they were able to buy before the new printed money or new deposits were created. Deficit financing that increases the money supply is the most direct and most harmful form of government-fostered inflation. History reveals that inflation and irredeemable dollars are not compatible with true progress and lasting prosperity. Inflationary programs embarked upon to create jobs and bring about full employment in the long run have always brought about mass unemployment and misery.

A Solution

The dilemma between destructively high income taxes on the one hand and inflationary deficit financing with its ultimate damaging effects on the other hand, can be solved only by a reduction in government spending.

The head of a family would like to do many desirable things for his wife and children, but he is restrained from doing all he would like to do by the necessity of keeping his expenses within bounds and the family's financial condition solvent.

Those who govern us receive many requests from citizens to have the government undertake many projects and programs. But no matter how desirable these programs are in themselves, or how much our elected representatives would like to say yes rather than no, they also are restrained from doing all they would like to do for the people in order to keep the government solvent and to avoid wrecking the economy.

To deceive the mass of the people through inflation is dishonest, and the deception in time will do more to undermine faith in our form of government than anything the Socialist or Communist could do, either by internal propaganda or external aggression.

The most strenuous efforts of the government should be concentrated on cutting government spending as much as possible, consistent with an intelligent and unbiased appraisal of national defense needs. It is essential in order to preserve our economic strength that the budget be balanced, that deficit financing be eliminated and that we return to sound money.

A budget balanced at a reasonable level will permit a more equitable tax structure; a tax structure that will encourage individual and corporate savings to have their normal and lasting strengthening effects on our economy. A budget balanced at a reasonable level will help to keep America strong and free.

A. A. Sullivan With Mason-Hagan, Inc.

RICHMOND, Va.—A. A. Sullivan has become associated with Mason-Hagan, Inc. 1110 East Main Street, members of the Richmond and Philadelphia-Baltimore Stock Exchanges, as manager of the municipal bond department. Mr. Sullivan was formerly associated with Estabrook & Co. and White, Weld & Co. and prior thereto was an officer of Equitable Securities Corporation.

A. A. Sullivan

Two With Hooker & Fay

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Earl F. Smith and Ernest Stent have become associated with Hooker & Fay, 340 Pine Street, members of the New York and San Francisco Stock Exchanges. Mr. Stent was formerly with Schwabacher & Co.

Straus, Blosser Branch

BELOIT, Wis.—Straus, Blosser & McDowell have opened a branch office at 405 East Grand Avenue under the direction of H. John Ellis.

Railroad Securities

Missouri Pacific

Approval of the "agreed system" plan for the Missouri Pacific System by the Interstate Commerce Commission is expected to bring about speedy conclusion of the 21 year bankruptcy. After the statutory 60 days, the plan will be certified to the Federal Court of Jurisdiction in St. Louis. Since the plan was prepared by the Trustee in Bankruptcy at the direction of the Court, it is likely the Court will give rapid approval to the recapitalization plan.

After court action, the Commission will accept ballots and approval of the security holders for the most part seems assured since there was little opposition to the plan before the Commission. This could mean the delivery of the new securities by the Spring of 1955.

The ICC made only nominal changes in the plan as filed with it. It only adjusted the allocation of securities to be given to the Little Rock & Hot Springs Western First 4s of 1939. The total capitalization under the plan as approved would amount to $809,-200,000, including $67,588,751 equipment trust obligations outstanding on Dec. 31, 1952. First mortgage bonds would be outstanding in the amount of $308,300,000, of which $40,600,000 may be replaced with collateral trust notes, while general mortgage income bonds would amount to $137,400,000. Coupon rates on the three series of first mortgage bonds has been raised to 4¼% as compared with 4% under the Commission's 1949 plan and the general mortgage bonds would bear 4¾% interest as compared with 4½% under the old plan.

On the basis of present market conditions, it is estimated the new First 35-year "B" 4¼s would sell around 96, the First 50-year Series "C" 4¼s around 94, the 65-year Income "A" 4¾s at 72, the 75-year Income "B" 4¾s at 63 and the 90-year debenture 5s at 50. The new "A" common stock likely will be priced around 20 since this will carry the control of the new System. The latter is a relatively high price in view of the rather poor earning power which has been available for this issue for the past several years. The latter stock is entitled to a $5 dividend before dividends area available for the new Class "B" stock in any year, but in no case would the Class "A" stock receive more than $5 in dividends. The Class "B" which goes to the old common stock of the basis of one-twentieth of a new "B" share for each old common share would only be outstanding in the amount of 40,657 shares. Since Alleghany Corp., through its holdings of the old common stock will receive about half of this issue, it probably will have some scarcity value and it is difficult to place a value on this highly leveraged issue.

The following tabulation shows the proposed distribution of securities in the recapitalization:

		First Mortgages			Incomes		Common	New
Old Issues	Cash	35-Yr. B 4¼s	50-Yr. C 4½s	65-Yr. A 4¾s	75-Yr. B 4¾s	90-Yr. Deb. 5s	at $100 "A"	Bundle Value
MOP Ref.—								
A 5s '65	$296	$500	$500	---	---	---	---	$1,246
F 5s '77	292	500	500	---	---	---	---	1,242
G 5s '78	308	500	500	---	---	---	---	1,258
H 5s '80	313	500	500	---	---	---	---	1,263
I 5s '81	296	500	500	---	---	---	---	1,246
Gen. 4s, 1975	none	---	---	$800	$1,073	---	---	1,252
Conv. Deb. 5½s	none	---	---	200	200	1,819	---	1,179
Serial 5¼s	none	---	588	1,354	217	---	---	1,664
$5 Pfd.	none	---	---	---	---	---	2,645 shs.	52.90
Common	---	---	---	---	---	---	---	----
IGN 1st A 6s	120	700	574	116	---	---	---	1,415
B&C 5s	106	680	537	108	---	---	---	1,335
Adj 6s	none	---	---	200	220	1,250	4.42 shs.	996
NOX Stock	none	---	58.80	135.40	21.60	---	---	167½

The claims of the New Orleans, Texas & Mexico bondholders would be satisfied in full with cash and new first mortgage bonds. The latter bonds have been paying interest semi-annually regularly under court order for the past several years. Interests of unsecured creditors and stockholders of the International-Great Northern Railroad would be of no value.

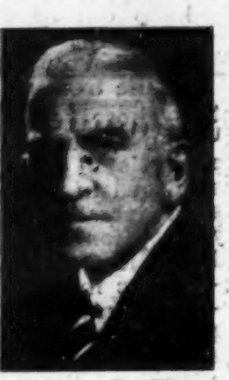
Fixed interest charges under the plan would amount to $15,-100,000 and fixed and contingent charges would aggregate $26,-700,000. Capital expenditures for improvements is set at not less than $11,000,000 annually during each of the next four years.

Total cash disbursements to be made to the bondholders would amount to $70,300,000, not including amounts which will be paid to some of the unsecured creditors.

New York Banker Expresses Confidence in Europe's Economic Vitality

Graham B. Blaine, Vice-Chairman of the Bank of the Manhattan Company, after trip abroad reports no recession was experienced in Western Europe, and, barring war, currency convertibility will come gradually with improvement in position of the pound sterling.

Confidence in Europe's economic vitality was expressed in a report made on Aug. 9, by Graham B. Blaine, Vice-Chairman of the Bank of the Manhattan Company, who noted that instead of reeling under the impact of America's "readjustment," as many experts here predicted, Europe suffered no recession and has continued to push to new highs in economic well-being and productivity.



Graham B. Blaine

Having just returned from an extensive tour of the continent with Mr. John Watts, the Bank of the Manhattan's European representative, Mr. Blaine predicts that, barring war and with the sterling position continuing to improve as it is, convertibility gradually will be attained.

"English exports continue to expand. There is considerable new building. Credit is available in England at very satisfactory rates. The morale of the people is high, reflecting a substantial improvement in the overall British economy," Blaine said.

The New York banker was especially impressed with Germany's economic strength. He observed that German banks have been gaining strength each postwar year. They have been consistently well regulated by the government bank, making risks negligible. Interest rates are now down to 6 to 7%. Savings are increasing.

Mr. Blaine noted with interest that German bankers are not extending such liberal credit terms to German exporters as has been reported in this country.

"Contrary to widespread opinion, German bankers are not offering exporters credit in excess of five to six years," Blaine stated.

With the exception of Denmark, which is experiencing a period of mild inflation, Blaine observed no evidence of either deflation or inflation in prospect in Europe. Both European stock markets and the foreign exchange and gold markets are looking forward to an era of relative financial stability and peace, he reported. And world basic commodity markets—the spot, future and scrap markets—give evidence of confidence in a forthcoming period of economic health.

Denmark's inflationary phase is being countered by a number of measures and the discount rate is now up to 5½%. Government banks are yielding 7%. The Danes are extremely industrious, the economy is essentially strong and Denmark's financial and business institutions have great integrity, Blaine said.

He also reported excellent economic conditions in Sweden, which impressed him as being more like the United States than any other European nation. In Norway, credit is easy and sound concerns can borrow at 3%. While sterling balances are large, dollar balances are somewhat short. On the whole, Norway's is a steadily improving economy, dominated to some extent by the shipping industry, and one that is prospering in a difficult and rugged physical environment.

A paramount impression the New York banker brought back from Europe was of a great increase in the number of contacts between the Soviet and the Western European countries, contacts evident in a variety of fields. He cited the current exchange of students between Germany and Russia and England and Russia; the fact that the Russians have reserved the largest booth in the forthcoming commercial fair in London; German plans for a trade commission to visit Russia; the recent visit of Russian naval units to Sweden and the Russian rowing victory at Henley, England. All these point to an intensification of the trend toward fuller living relationships between Russia and the West in Europe, Blaine remarked.

Speaking generally of his trip, Blaine said that with Bank of the Manhattan Company ranking among the first 10 banks in the nation in terms of foreign business, top management of the bank, as well as the officers from its Foreign Department, travel the world frequently to visit with the bank's network of overseas banking correspondents.

Reports Common Stocks of Natural Gas Companies Higher

American Gas Association's composite index of common stocks of leading companies share a rise of 20% during year ended July 30, 1954.

According to the American Gas Association, the price index of natural gas common stocks for the month of July, 1954 continued to reflect the general upward movement prevailing in the securities market. The composite price of the common stocks for the companies comprising the index was approximately 20.0% higher on July 30, 1954 than one year earlier. Coupled with this significant increase in the price for these securities dividend payments advanced a moderate 5.5%, resulting in a relative decline of 12.1% for yields on these common stocks when the current period is compared to the similar period one year prior. These data are reported weekly by Moody's Public Utilities and are summarized monthly by the American Gas Association.

The price of the ten gas transmission company stocks increased 17.9% over the comparable period of last year, while the price of the ten gas distribution utility stocks increased 24.6%. Accompanying these price changes were increased dividend payments of 5.9 and 13.1% for the transmission and distribution components of the index. Because of the larger relative increase in prices than in dividend payments for these common stocks, yields declined 10.0 and 9.1% for transmission and distribution companies, respectively.

The following table lists stock prices, dividends and yields for ten transmission companies, ten distribution companies, and a composite group consisting of 30 companies, including the above two groups and ten integrated systems having both transmission and distribution facilities. A full description of the component parts of the index will be given on request by the American Gas Association:

Natural Gas Company Common Stock Prices, Dividends and Yields

	1954					1953
30 Natural Gas Common Stocks*	July 30	July 23	July 16	July 9	July 2	July 31
Price ($ per share)	31.80	31.65	31.47	31.46	31.10	26.50
Div. ($ per share)	1.53	1.51	1.51	1.51	1.51	1.45
Yield (%)	4.81	4.77	4.80	4.80	4.86	5.47
10 Gas Transmission Com. Stocks						
Price ($ per share)	37.64	37.60	37.21	36.96	36.81	31.93
Div. ($ per share)	1.79	1.73	1.73	1.73	1.73	1.69
Yield (%)	4.76	4.60	4.65	4.68	4.70	5.29
10 Gas Distribution Com. Stocks						
Price ($ per share)	24.85	24.51	23.97	23.63	23.31	19.95
Div. ($ per share)	1.21	1.21	1.21	1.21	1.21	1.07
Yield (%)	4.87	4.94	5.05	5.12	5.19	5.36

*Includes 20 Gas Transmission and Distribution Stocks included above, plus stocks of 10 integrated companies.

Howell Murray Dir. Of Gisholt Machine

Howell W. Murray, Vice-President and Director of A. G. Becker & Company, Incorporated, Chicago, Illinois, has been elected to the Board of Directors of the Gisholt Machine Company, Madison, Wisconsin, it was announced after the Aug. 4 meeting of the Board. Mr. Murray is also Director of the Gardner-Denver Company and the Parker Pen Company, and Trustee of the University of Chicago and of Carlton College.

Howell W. Murray

George E. Gernon retired as an active member of the Board of Directors. In acknowledgment of his many years of service, he was appointed an Honorary Member of the Board at the annual meeting. He is Secretary of the Gisholt Machine Company and recently completed 54 years of continuous service. He has been Secretary of the firm for the past 49 years and is continuing in that capacity.

NY Hanseatic Corp. Announces New Phone

New York Hanseatic Corporation, 120 Broadway, New York 5, N. Y., announce that their telephone number has been changed to WOrth 4-2300.

Two With Merrill Lynch

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Everett H. Clark and Henry Kressin have become affiliated with Merrill Lynch, Pierce, Fenner & Beane, 523 West Sixth Street.

Joins Morgan Staff

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Harold J. Pandzic is now with Morgan & Co., 634 South Spring Street, members of the Los Angeles Stock Exchange.

Estimate $2.8 Billions New Capital Added in Half Year by Life Companies

This represents increase in assets of life companies, which now total almost $81 billions, compared with $78.2 billions at beginning of the year.

Nearly $2,800,000,000 of new capital was made available to the nation's economy during the first half of this year by the millions of policyholders through their more than 800 life insurance companies, the Institute of Life Insurance reports.

This represented the increase in assets of all U. S. life companies in the six months, the largest rise in the first half of any year since the start of the business. Total assets on June 30 were $80,981,000,000, compared with $78,201,000,000 at the start of the year and $75,403,000,000 one year ago.

"As the number of policyholders has increased by 21,000,000 during the past nine postwar years and the average amount set aside as reserves in each policy has risen, the aggregate assets of all U. S. companies have nearly doubled," Holgar J. Johnson, President of the Institute, said. "As a by-product of the growing funds accumulated to guarantee future policy obligations, some $38,000,000,000 of new capital funds have been made available in these nine years, going into practically a cross-section of the economy. This makes the country's 90,000,000 policyholders an important source of new capital funds."

During the first six months of 1954, mortgages undertaken by the life companies, largely home financing, amounted to $2,292,000,000, an increase of 7% from a year ago. The new investment in bonds and stocks of U. S. corporations was 11% less than a year ago, but added up to $2,226,000,000. Greatest percentage rise in the half year in new investments was shown in state, county and municipal bonds. The acquisition of $410,000,000 of such bonds was more than four times the total acquired in the like period of 1953. Total half-year investment acquisitions were $8,003,000,000. They exceeded the increase in assets, due to maturities, refinancings and sales of certain holdings.

New investments in the half year and holdings on June 30 were reported as follows:

	Acquired				Holdings	
	June 1954	June 1953	6 Mos. 1954	6 Mos. 1953	June 30 1954	June 30 1953
	(000,000 Omitted)					
U. S. Government Securities	$281	$308	$2,307	$1,760	$9,343	$10,030
Foreign Government Securities	15	1	99	56	1,310	1,231
State County, Munic. Bonds (U. S.)	57	12	410	97	1,641	1,195
Railroad Bonds (U. S.	55	12	141	108	3,671	3,524
Public Utility Bonds (U. S.)	160	121	651	472	12,819	11,907
Industrial & Misc. Bonds (U. S.)	271	420	1,135	1,784	15,290	14,187
Stocks (U. S.): Preferred	29	9	176	73	1,633	1,530
Common	31	12	123	53	896	736
Foreign Corporate Securities	5	25	122	124	1,208	1,007
World Bank Bonds	2	--	36	--	166	130
Farm Mortgages: Vet. Admin.	--	--	--	--	23	25
Other	41	29	230	234	1,958	1,771
Non-Farm Mortgages: F. H. A.	60	67	318	443	6,091	5,884
Veterans Administration	100	34	451	170	3,886	3,396
Other	250	229	1,293	1,297	12,426	11,145
Total Securities & Mortgages	$1,357	$1,279	$7,492	$6,671	$72,361	$67,698
Farm Real Estate	--	--	--	--	12	16
Other Real Estate	35	15	156	79	2,117	1,919
Policy Loans	58	49	355	280	3,023	2,789
Cash	--	--	--	--	1,084	924
Other Assets	--	--	--	--	2,384	2,057
Total Assets	--	--	--	--	$80,981	$75,403

Rejoins Paine, Webber

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—John A. Richards has rejoined the staff of Paine, Webber, Jackson & Curtis, 626 South Spring Street. He has recently been with Witherspoon & Company, Inc.

Joins Central Republic

(Special to The Financial Chronicle)

CHICAGO, Ill. — Walter H. Eucker, Jr. has become affiliated with Central Republic Company, 209 South La Salle Street, members of the Midwest Stock Exchange.

With Anderson Cook

(Special to The Financial Chronicle)

PALM BEACH, Fla.—Willis P. Koski is now affiliated with Anderson Cook Company, Inc., 308 South County Road.

With Shearson, Hammill

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Gilbert G. Keppler has become affiliated with Shearson, Hammill & Co., 520 South Grand Avenue.

Britain Foresees More Trade With Communist Bloc

By PAUL EINZIG

Dr. Einzig points out, as a result of the Geneva Agreement, political pressure in favor of increasing trade with Eastern Europe and with China is likely to grow in Britain and in other Western European countries. Stresses value of strategic goods that can be received by Western nations from Communist areas

LONDON, Eng.—For better or for worse, trade between Western Europe and the Communist countries is likely to expand considerably. The Geneva Agreement has created an atmosphere of optimism regarding the international political outlook. As a result, political pressure in favor of increasing trade with Eastern Europe and with China is likely to grow in Britain and in other Western European countries. The agreed relaxation of the ban on exports to the Soviet Bloc, which is to take effect on Aug. 16, is the first step. It is likely to be followed by other moves in the same direction.

Dr. Paul Einzig

The actual immediate additional amount of British exports expected from this relaxation is estimated at some £5 million only. The Russian orders for which export license will now be granted cover certain types of machine tools which have been taken off the embargo list, and some electric generators which are bigger than the hitherto permitted maximum size. On the other hand, the ban is maintained on goods to a value of some £15 million, for which the Soviet Union placed orders. At least half of this amount concerns steel rolling mill equipment.

Those in favor of a much more extensive relaxation of the ban argue that it is not worth while to prevent the sale of such equipment to Russia, seeing that in spite of the ban the steel producing capacity of the Soviet Bloc has undergone a spectacular increase during recent years. This argument is utterly unconvincing. Surely in the absence of the ban the expansion of the steel producing capacity of the potential aggressor would have been even more spectacular. And since the capacity to wage a prolonged war depends to a very large degree on the steel producing capacity, the chances of Communist-Imperialist aggression would increase if the expansion of the steel industry in the Communist Bloc were to be assisted by equipment exported from Western Europe.

It is, of course, a matter for regret that the ban on such potentially strategic goods as electric generating stations, copper wires and other fabricated copper products, and ships, has been eased. A great deal depends, of course, on the goods which Western Europe will be able to import in return for these exports. Provided that these imports include a fair proportion of strategic or potentially strategic goods, the Communist gains from this point of view would be offset more or less by corresponding gains of Western Europe.

According to the report of the United Nations Economic Commission for Europe, East-West trade is expected to increase in 1954 by some 25% compared with 1953. In particular Eastern European softwood and oil exports show striking increases. Neither of these products may be considered strategic. Indeed as far as oil exports are concerned it seems reasonable to suspect that their main object is to accentuate the threatening overproduction in the free world.

It is a pity that the United States Government, while fighting a stubborn rearguard action against the expansion of Western European exports to the Communist Bloc, does not appear to concern itself with the nature of the goods received in exchange by the free world. Even a more liberal policy regarding the export of strategic goods would be less harmful if it were stipulated that the goods to be received in exchange must be of a more or less corresponding strategic value.

Moreover, it is not very constructive merely to criticize Western Europe for being anxious to re-establish trade relations with the Communist Bloc. In view of the growing competition for the markets of the free world, the temptation to unload some of the exportable surplus in Eastern Europe and China is likely to increase. It was relatively easy to enforce embargoes during the period of shortages created by the Korean War and the rearmament drive. Now that a buyer's market has returned in most lines the maintenance of self-denying bans is liable to become increasingly difficult politically as well as economically.

There is a growing feeling that, if the United States wants to maintain East-West trade at a low level, they have to provide alternative outlets for the growing output of Western Europe and the rest of the free world, by pursuing a policy aiming at an increase of American imports. The growing output of Western industrial countries must find markets, and also the raw materials produced by the Sterling Area and other countries of the free world. Now that the danger of a slump in the United States has abated, the possibility of increasing exports to the Dollar Area is receiving once more much attention on this side of the Atlantic. There are no indications, however, of an increasing willingness on the part of the United States to provide an alternative market which would obviate the necessity for increasing Western European and Sterling Area trade with the Communist Bloc.

The British Government, and even the British industries directly concerned, are only too well aware of the dangers and disadvantages involved in expanding trade with the Communist Bloc. They pursue their policy with their eyes wide open. They are prepared to take the risks, owing to the need for finding additional markets for exports. They feel that the alternative to an expansion of East-West trade would be chronic difficulties to find adequate markets for exports, leading to chronic balance of payments difficulties.

The reluctance of Congress to endorse the trade concessions proposed by the Randall Report has created a psychological situation in which the British Government and other Western European governments find it increasingly difficult politically to resist pressure in favor of expanding East-West trade. On the one hand we have the United States refusing to lower trade barriers, upholding the Buy American Act, and becoming understandably reluctant to maintain foreign aid as a substitute for importing more. On the other hand we have the Communist countries showing themselves willing and even eager to import more goods from us. In such a situation American diplomatic pressure against an expansion of trade with the East is liable to cause growing resentment. Any Western European Government which is prepared to yield to that pressure is liable to become unpopular and to lose ground on the domestic political front.

The only effective way of disarming agitation for more trade with the East would be for the United States to provide alternative markets by means of trade concessions. Such concessions would speak more convincingly than any strategic, political or economic arguments against trading with the Communist Bloc.

Three With Daniel Weston

(Special to The Financial Chronicle)

BEVERLY HILLS, Calif.—Darvin M. Curtis, Victor Metzenbaum and Lloyd W. Spitzbarth have become associated with Daniel D. Weston, 1191 North Bundy Drive. Mr. Curtis was previously with Marache, Dofflemyre & Co., and J. A. Hogle & Co. Mr. Spitzbarth was with Noble, Tulk & Co., and Hopkins, Harbach & Co.

Coburn Middlebrook Adds

(Special to The Financial Chronicle)

BOSTON, Mass. — Louis A. Boucher has been added to the staff of Coburn and Middlebrook, Incorporated, 75 State St.

Securities Salesman's Corner

By JOHN DUTTON

Good Merchandising

A. C. Allyn & Co., in its main office at 122 South LaSalle St., Chicago, have installed a window display at street level which features a moving line of scale model autos along a three dimensional toll road. In the background is an illuminated plastic map of the State of Illinois indicating the proposed system of toll highways and there also cutouts of six different states showing the current yield on their toll highway issues, together with **equivalent yields** on taxable securities for varying income brackets.

There is an invitation to stop in for a new folder with further information on toll highway issues. Thus directly, the firm of A. C. Allyn & Co. are using valuable window space to gain passer-by attention, direct possible new clients into their office, and at the same time accomplish a good educational job on the virtues of tax exempt bonds to the general public.

This idea of using ground floor window space where it is available has certainly proved profitable for every other business that relies upon the lay public for its customers. Banks today are using diaramas, skillfully prepared illustrations of the power of compound interest and the benefits accruing from savings by making the public conscious of these benefits through window and interior displays. The retail stores that are progressive have been using "point of contact" window displays to educate and to move merchandise for years.

Every investment firm that has such available space could develop a continuing interest in its offerings by such educational displays. The space is there and all that is necessary to obtain these benefits is that a dramatic appeal should be made to the public in line with the same sound advertising principles that apply in every other field of merchandising.

Other Ideas Lend Themselves To Visual Dramatization

A series of window displays that could be changed at regular intervals using color, three dimensional effects, and movement such as are incorporated in the A. C. Allyn windows could be built around numerous ideas that would build good-will, educate, and help to gain new clients for any investment firm that used street floor window display advertising regularly. The advantages of saving and investing through the acquisition of stocks, or mutual funds, could be developed in such a way as to make a direct appeal to the man in the street. All that is necessary is to apply some creative imagination to the job, and this can be done by obtaining the services of a good advertising agency that understands and appreciates the interesting personal story that could be told to every human being that passes your door. A good picture is worth a thousand words!

Sutro Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—James R. Blackwell has become associated with Sutro & Co., Van Nuys Building. He was formerly with Standard Investment Company of California.

Wagenseller Durst Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Pierce H. Wisdom has been added to the staff of Wagenseller & Durst, Inc., 626 South Spring Street, members of the Los Angeles Stock Exchange.

Joins Merrill Lynch

(Special to THE FINANCIAL CHRONICLE)

OAKLAND, Calif.—Douglas E. Landreth is now with Merrill Lynch, Pierce, Fenner & Beane, 1319 Franklin Street.

With Merrill Lynch

(Special to THE FINANCIAL CHRONICLE)

PASADENA, Calif. — Brice Toole, Jr. is now connected with Merrill Lynch, Pierce, Fenner & Beane, 575 East Green Street.

Joins H. L. Jamieson

(Special to THE FINANCIAL CHRONICLE)

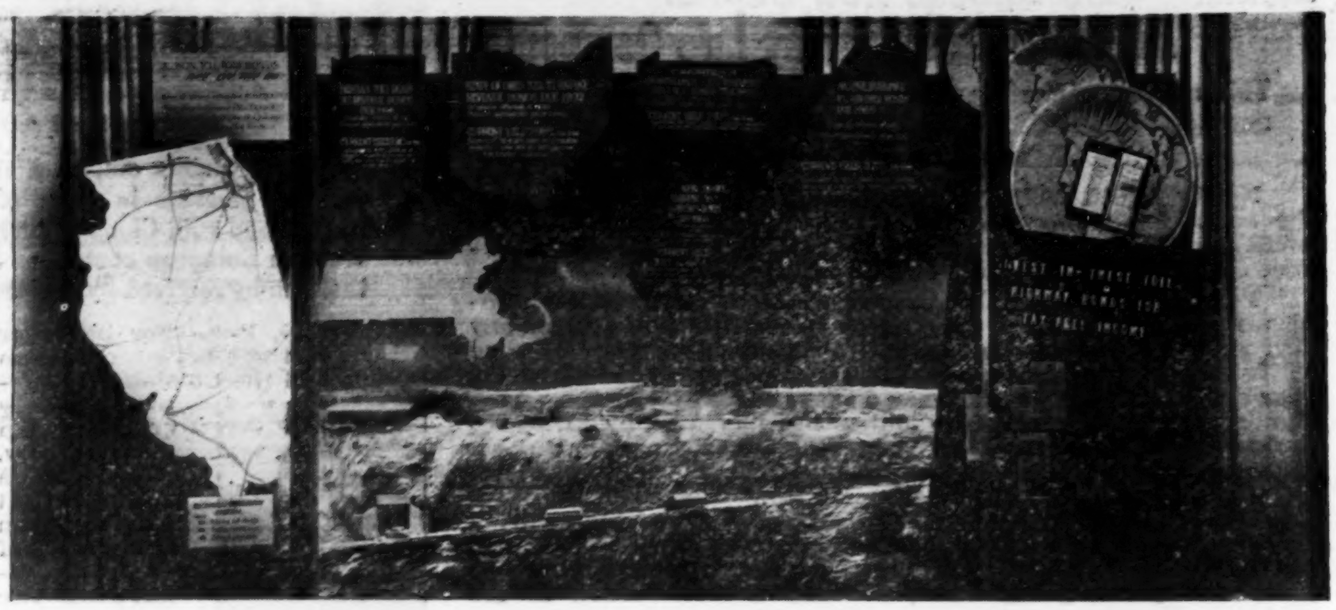
SAN FRANCISCO, Calif.—Louis H. Biggar has become associated with H. L. Jamieson Co., Inc., Russ Building. In the past he was with Davies & Co.

Four With F I F

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Walter S. Graham, Kenneth W. Kissick, Homer K. Marshall and H. F. Tagge have joined the staff of F I F Management Corporation, 444 Sherman Street.

A. C. Allyn Pictorializes Toll Road Securities



Continued from page 2

The Security I Like Best

tallic soaps are used in antifouling compositions for marine paints, and Catalysts are necessary in the manufacture of gasoline, synthetic rubber, and many other organic intermediates used by the armed services. Thus, Harshaw contributes in large measure to the National Defense program.

Dividends have been paid each year without interruption since 1932. There are only 38,000 shares of prefered stock outstanding and a funded debt of $3½ million. (Table I.)

Earnings for nine months ending June 30, 1954 were $3.64 per share of common as against $2.92 per share for the same period in 1953. It is also interesting to compare Harshaw to some of the other leading chemical companies. (Table II.)

Summary

It is readily apparent that Harshaw is a strong growth company as witness its ten year expansion in sales, net worth and earnings. The company also compares very favorably to other chemicals in respect to earnings, dividends, price times earnings ratio and in a great many other ways.

Harshaw is attractive, too, because the dividend is well covered. If the current rate of growth continues, an improvement in that direction would be a reasonable expectancy. The small number of shares outstanding also leaves an opening for further stock splits, in my opinion. Other potentially favorable factors which can be hoped for under the existing circumstances are an eventual listing on one of the major Stock Exchanges and/or the acquisition by or merger with some other company to further strengthen its position.

It is also interesting to note that the common stock of the Harshaw Chemical Company is currently included in the portfolio of the Atomic Development Mutual Fund along with other securities having an "atomic complexion" that have been the market leaders of recent date, i.e., Vanadium Corporation, Climax Molybdenum and General Dynamics.

In addition, this writer would like to note this fact . . . a fairly recent acquisition of 1,400 shares of Harshaw's common stock was made by the Pioneer Fund, a very highly regarded investment trust, noted for its ability in selecting "special situations."

In conclusion, it is the opinion of this writer that the common stock of the Harshaw Chemical Company is rated a strong **buy** around its current bid and asked quotation of $45½ to $46.

G. FREDERIC HELBIG

Baron G. Helbig & Co., Hudson, N. Y., and New York City

Sanborn Map Company

It is refreshing to write a piece on Sanborn Map Company for this column, simply because it is not necessary in this instance to make comparisons with other companies in the same industry. For Sanborn Map Company is indeed unique. There are other map publishers, of course, but so far as the writer knows, none provides the function of the subject corporation.

G. Frederic Helbig

First to be noted should be the fact that Sanborn Map Company has paid dividends uninterruptedly for over 75 years. What type of operation accounts for such an impressive record?

The main source of income of Sanborn is the publication and servicing of maps of cities in the United States for use by insurance companies. These maps are extraordinarily detailed, as they show in each block of a city area the size of every building, the type of construction, the type of roof, the type of fire prevention (sprinkler, etc.) if any, location of nearest fire hydrant, and innumerable other items essential to the cautious requirements of insurance underwriters.

It is said that Sanborn Map Company has mapped in such detail every city in the United States of a population of 5,000 and up!

But Sanborn's pursuits do not stop with mere map printing. A large and specially trained field force constantly reviews every area surveyed, noting any new construction, the razing of any buildings, or any major alterations thereto.

An indication of the importance of this work, we think, is to be gleaned from the fact that the bulk of Sanborn's stock is held by the major fire insurance companies themselves. Indeed, the board of directors is comprised of officers or directors of these same leading underwriters, representing Great American, America Fore, Loyalty, Travelers, Commercial Union, Ltd., Hartford Fire, Crum & Forster, Home, American, The National Board of Fire Underwriters, etc. It is not likely that the company will lose its major subscribers!

While this insurance map service constitutes the backbone of Sanborn's business, it is gradually entering other fields. During the war it did quite a volume of work for the government, and in post-war years it has found an increasing demand for surveys for large chain stores who are interested in finding the most strategic locations for new or existing units.

What about earnings, dividends and market price? Well, for the past ten years earnings have averaged $5.25, ranging from a low of $4.26 to a high of $6.59 in that period. Dividends for many years past have never been less than $4 per share and for the past two years have been $4.50 per annum (including a year-end extra of 50¢). Currently selling in the Over-the-Counter market under $65 per share, the stock provides a return of about 6% on its regular dividend alone and 7% including the extras paid in the past two years which, incidentally, were reduced from the $5 rate paid for the four previous years. The main reason for the some-

TABLE I

Financial Facts

	1953	1952	1943
Net sales	$51,029,098	$43,076,964	$17,818,149
Current assets	18,519,997	17,413,375	5,108,600
Current liabilities	5,231,594	3,877,184	1,998,129
Total assets	26,127,928	24,597,836	7,576,249
Total liabilities	8,824,786	7,677,184	2,418,129
Working capital	13,288,403	13,536,190	3,110,471
Per share earnings	3.60	2.37	2.05
Dividends	2.00	1.60	1.00
Number shares common	293,060	293,060	134,652

TABLE II

		Per Share			
	No. Shares	'53 Earns.	'53 Divs.	Pres. Price*	Price×Earns.
E. I. duPont	45,454,000	$4.94	$3.80	$138	27
Dow	22,651,000	1.42	**1.00	41	28
Spencer	1,125,000	*4.50	2.20	41	16
Union Carbide	28,953,000	3.55	2.50	82	22
Monsanto	5,270,000	4.90	2.50	90	18
Harshaw	293,000	3.60	2.00	46	13

*Approximate. **Plus 2½% stock.

what lower rate of dividends has been the substantial cost involved in reducing the cumbersome size of the volumes of insurance maps, which modernization requires expensive plate-making, etc. This remodelling project should be completed this year or next, and I would look for a liberalization of dividends upon that accomplishment.

All in all, Sanborn Map Company appears to me as an investment grade stock with a most impressive record, selling at an unusually attractive level.

L. E. Arbogast With Lester, Ryons & Co.

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Lee E. Arbogast has become affiliated with Lester, Ryons & Co., 623 South Hope Street, members of the New York and Los Angeles Stock Exchanges. He was previously with Walston, Hoffman & Goodwin, and Maxwell, Marshall & Co.

Joins Schirmer, Atherton

(Special to The Financial Chronicle)

PORTLAND, Maine — James F. Ingraham has become associated with Schirmer, Atherton & Co., 634 Congress Street. He was formerly with Draper, Sears & Co. and prior thereto was an officer of Ingraham, Millet & Company of Augusta.

Now With Orvis Bros.

(Special to The Financial Chronicle)

NEW ORLEANS, La.—James A. Anderson III has become affiliated with Orvis Brothers & Co., Cotton Exchange Building. Mr. Anderson was previously with Howard, Weil, Labouisse, Friedrichs & Co.

COMING EVENTS

In Investment Field

Aug. 13, 1954 (Denver, Colo.)
Bond Club of Denver-Investment Bankers Association summer frolic at the Park Hill Country Club, preceded by a Calcutta Dinner Aug. 12 at the Albany Hotel.

Sept. 10, 1954 (Chicago, Ill.)
Municipal Bond Club of Chicago annual outing at Knollwood Country Club, Lake Forest, Ill.

Sept. 10-13, 1954 (Montreal, Canada)
American Statistical Association (Business & Economic Section) convention.

Sept. 17, 1954 (Philadelphia, Pa.)
Bond Club of Philadelphia 29th annual field day at the Huntington Valley Country Club, Abington, Pa.

Sept. 22-26, 1954 (Atlantic City)
National Security Traders Association Annual Convention at the Hotel Claridge.

Sept. 23-25, 1954 (Minneapolis Minn.)
Board of Governors of Association of Stock Exchange Firms meeting.

Sept. 27-30, 1954 (New York City)
National Association of Securities Administrators meeting at the Hotel Roosevelt.

Oct. 8, 1954 (Rockford, Ill.)
Rockford Security Dealers annual "fling-ding" at the Rockford Country Club.

Nov. 28-Dec. 3, 1954 (Hollywood Fla.)
Investment Bankers Association Annual Convention at the Hollywood Beach Hotel.

Profit Margins of American Manufacturers

By MORRIS BUDIN
Assistant Professor of Economics, Utica College of Syracuse University

Dr. Budin finds that profit margins in many industries are related more closely to cost movements than to sales volume. Maintains rising margins in recessions, when variable costs and sales decline, are used as cushions against losses. Concludes that in recovery periods, fear of losing a share of the market reduces margins, as variable costs rise faster than prices

The Nature of the Study

This paper seeks to inquire into the pricing behavior of various manufacturing industries in the United States from 1899 to 1939. The analysis is made upon an aggregative industry basis, and seeks to derive certain indicators of general industry behavior by studying the movements of (1) gross profit margins; (2) labor's share in the product; (3) labor's share in the value added; (4) industrial unit costs. Through the movements in these relationships we have tried to develop some insights into pricing and profit margin decisions. The individual decisions by separate firms are not available, therefore an aggregative analysis by industry has been used.

Dr. Morris Budin

A macro-economic study of this nature may enjoy the advantage of allowing for the derivation of some broad generalizations concerning manufacturing pricing policies, where a macro-economic approach could find itself bogged down in a maze of conflicting decisions made by some of the individual firms in a given situation. For an economy as a whole, the dominance of decisions by a few large firms in an industry may be much more important than a variety of decisions by many small ones. It is assumed that the use of industrial groups in this paper allows the dominance to appear. On the other hand, such an aggregative approach will be susceptible to problems such as (1) changes in the product composition over time; (2) changes in firm distribution by size over time; (3) shifting power in the group (4) the distribution of technique changes in production amongst the firms.

The Nature of the Hypotheses

The 114 manufacturing industries studied appear to operate in oligopolistic markets that are severely influenced by the cyclical changes of our economy. The uncertainties produced by the market relationships make the price-output policies of each member more complex than the usual firm adjustments to changes assumed for pure, imperfect, or static oligopolistic competition. Here the firm must not only consider the retaliation that competitors could resort to if he "steps out-of-line," but he must also consider the cost and sales pressures of the entire market when he is to make a move or offer a retaliatory answer. Slight price or gross profit margin differentials may be tolerated, but violent breaks in the pattern may not. Aggressiveness has most often been dealt with in the literature in terms of "price aggressiveness." In this paper we have stressed the "aggressiveness of gross profit margins changes" because the very dynamics of cyclical changes appears to allow for price variations that firms often accept as within the "rules of fair competition." When the variation in gross profit margins (or mark-ups) becomes so great as to imply an attempt to extend the market by some members of the group it is defined as "aggressiveness." This usage gives more latitude to the moves possible for a group when we realize that the group is buying in raw materials and labor markets that may be fluctuating.

To summarize briefly the alternatives:

(1) Firms may cut prices when variable costs per unit are constant. This is an overt contraction of gross profit margins and is defined as "aggression." Others may not react if the aggression does not pass their response thresholds. In other cases the response may be to follow suit. In the most drastic cases it may lead to warfare.

(2) Firms may cut prices when variable costs per unit are declining. If the percentual cut in price exceeds the fall in costs we have case (1) again. If the cut is percentually less we find that gross margins rise. This is often the case when sales start declining in concert with general economic conditions. This is taken to be "passive" (non-aggressive) behavior in terms of gross margins, but might be defined as "price aggressiveness" in analyses by other writers. The reason we have called this "passive behavior" is because we assume that other oligopolists in the field are also conscious of the cost declines and would tend to recognize this as a form of adjustment to consumer resistance. This type of move does not appear to elicit extreme retaliatory cutting, but appears to muster a slow "follow the leader" adjustment.

(3) Firms may cut prices sharply when cost declines have slowed down. This would compress gross profit margins and often signal aggression. This pattern appears prevalent in the chaos of deep depressions that have frozen inventories and created fears of further losses of a catastrophic nature.

(4) Firms may cut prices as production techniques improve. Although our data do not give us clear information on this process it appears plausible to assume that small reductions in unit costs due to methods changes will not induce price cutting, therefore gross margins will rise. Revolutionary changes in technology may induce a rabid market seeking by a firm and here price cuts could induce warfare. For the innovating firm gross margins may go up or down, but for the non-innovators they will move down.

(5) Prices may be pushed up rapidly when unit variable costs are constant or rising more slowly. This would produce rising gross profit margins. We define this as "passive behavior." Market seeking at the expense of others is not the objective. Instead the leader assumes that the demand elasticity is low. This would be most probable if he can assume that others will follow him soon.

(6) Prices may be pushed up slowly as variable costs are rising more rapidly. This would contract gross profit margins and be a defensive form of aggression. We often find during recovery periods the phenomenon of rising sales with falling gross profit margins. Each fears to make an exaggerated price move upward because demands seem to be elastic and competitors are market hungry. Each placates this drive with the satisfaction that unit fixed costs are falling and sales are improving, allowing net profits to move up.

The dynamic cyclical pattern of industrial movements would appear to make patterns of the above nature more important than static relationships between leaders and followers in a group. Due to this inertia induced by parameters and variates that are unclear at all times, extreme decisions are more dangerous at some periods, less dangerous at others. In pure form the model of the pattern could be presented as:

(1) In recession periods gross profit margins rise as each tries to cushion his sales decline by cutting prices more slowly than costs. This is a compromise to satisfy more reticent consumers, but also to seek maximum avoidance of general warfare.

(2) In depression periods gross margins fall as the rate of price cuts catch up to and pass the rate of cost declines. Here some entrepreneurs become more conscious of the possibilities of general bankruptcy and are more willing to risk warfare on the hope that they are relatively stronger than others.

(3) In recoveries gross profit margins decline as costs move up with the recovery of the raw materials markets. The inertia has been previously indicated as being induced by a fear that others will not follow sharp price rises now.

(4) In boom prosperity periods gross margins rise again as the fear of loss of sales is minimized by expecting less elastic demand curves and general follow the leader by others.

This model of variations is more descriptive for those industries using (1) primary raw materials produced in fairly competitive markets; and (2) having a low labor to raw materials ratio. The opportunities are greater to pass off part of the decision making to the raw materials suppliers. As we move up the industrial structure and more rigid costs set in at each stage, the opportunity to pass off the burden in recessions diminishes. Recoveries show smaller declines. In general the movements are more restricted and in some cases reverse the pattern of the model. Other limitations on the model may be imposed for periods in which a great deal of uncertainty has been removed by war contracts, rationing, etc. On the basis of the pure model, the conclusion appears to be that a major portion of gross profit margin movements are to be explained in terms of cost movements, not sales volume changes. This appears to be substantiated from the statistical results to be summarized below.

Although our major emphasis is upon gross profit margins, some interesting sidelights have been found in terms of labor's shares in the product and in the value added. Labor's share in the product follows a pattern inverse to the level of dollar output. Prosperity periods would have lower shares than depressions. The growth of unionism hides some of the pattern in the 1935 recovery, but it is minor. However, when we turn to labor's share in the value added, the pattern is much less pronounced. Boom periods give labor a smaller share, but depressions and recessions need not mean rising shares necessarily since gross margins may shift upward as our model indicates. The 1921 depression raised labor's share in most industries up, but the recession and depression periods of the 1930's did not. Labor's share in the value added is also found to rise in recovery as gross margins move down. The 1930 data are quite pronounced in this direction due to unionization as well.

Nature of the Data and Methods

The basic source of data used is the United States Census of Manufactures, 1899 through 1939. This data are quinquennial 1899 to 1919 and biennial 1919 to 1939. The industry classifications of the Census are accepted as given for the nature of the data did not allow us to segregate industries into further subgroups according to different product-mixes. For example, "Meat Packing" is used as one continuous series although the products combined in the total dollar volume each year are different as relative prices, supplies and demands vary, or as new products are introduced. Similarly no distinction could be made for the changes in volumes of output by various firms having different cost structures.

Our results are based upon single aggregate figures in each census year for: (1) Dollar volume of output (at door of plant); (2) Dollar wages paid for direct labor; (3) Dollar cost of raw materials and packaging; (4) Contract work done; (5) Value added by manufacture.

From these data we have derived our basic measures: (1) Gross Profits equal Value of Output minus (sum of direct wages plus raw materials purchased). (At times "contract work" has been adjusted in the subtrahend); (2) Gross Profit Margin equals Gross Profit/Value of Product; (3) Gross Mark-up equals Gross Profit/Wages plus Materials; (4) Labor's Share in the Product

Continued on page 34

THE MARKET . . . AND YOU

By WALLACE STREETE

Industrial stocks recovered their balance this week after the selling spurred largely by the reduced Chrysler dividend. The feat was almost entirely due to the aircraft issues which have spurted so far and so long but still have enough thrust behind them to justify even those who bought them at historically high prices recently. Something like half of the top dozen trading favorites were aircrafts for a couple of sessions running and on one day no less than eight of the issues in the group showed peak gains of at least two points.

Boeing, as a result, already has moved up to within easy distance of the same price the old issue reached before a 2-for-1 split in May. Douglas, which doubled in price in less than three years after one 2-for-1 split in 1951, ran up some three-fourths of the way toward equalling the price before the second 2-for-1 split, also accomplished in May.

Aircrafts Supported by Earnings and Dividends

The good earnings being reported this year obviously have had an important part in the popularity of the air issues. Dividend payments have kept pace enough so that few of them are among the lower-yielding issues around and most are reasonably close to the 5½% average yield of listed common stocks. By comparison, Corning Glass, Minnesota Mining, Aluminum Co., and Owens-Corning Fiberglas have had momentary popularity even though they sell far more routinely on a less-than-2% basis.

In addition to upsetting the market generally, the halving of the Chrysler payment definitely ended doubts over whether the motors should be included in the "depressed" groups. Until the directors conceded that the sails had to be trimmed, the forces of optimism and pessimism had a lively debate going over whether the auto troubles would vanish before the year-end. The near-record profit General Motors was able to show for the half year had kept the discussion going, but seems merely to have been the sole bright spot in this industry. The independents continued in their worn rut while the only other automotive feature was a mysterious sinking spell in Reo Motors despite official assurances that nothing had happened to upset the sale to Henney Motor Co. which would bring a price comfortably above the market level.

Farm Equipments Show Some Life

One of the depressed groups of far longer standing, the farm equipment makers, were able to show a bit of life largely because of some rather concentrated attention to the lower-priced issues by the financial services. Oliver Corp. benefited far more than the other issues, including an appearance at the head of the most active list. The strength continued despite company denials that anything was brewing that would warrant any run-up. The issue moved to a new high for this year which wasn't too far below last year's best but well under the peak of 1951 when the issue was split 2-for-1. Oliver, as a matter of fact, is a refutation of the old market adage that split stocks do well substantially. It has been selling well below the equivalent price where the split was accomplished and, except for an initial posting in line with the old stock, has been losing ground ever since.

Rubber shares were cautious, taking their cue from the automotive issues and for the most were undistinguished. They swayed a bit with the prevailing trend but overall made little progress. However, they weren't unduly heavy, either.

Oils Apathetic

Oils added little luster to the market proceedings. The Iranian settlement, when it finally came, was far less of a depresing development than had been predicted some time back. In fact, some of the abortive rumors of an earlier settlement had far more effect on the division marketwise than the actual event. Part of the reason was the fact that the oils have been out of favor for some time and are well below the highs of the year so there wasn't too much left for the market to discount. There are still hints of liquidation in this group by institutional holders, although four rather large blocks that changed hands this week were said not to be from such sources. They included 13,000 Atlantic Refining, 20,000 Standard Oil of California, 25,000 Socony Vacuum and 50,000 Standard Oil of New Jersey.

Youngstown Sheet continued to be an erratic member of the steel division. Varying ideas over what price might be decided if a merger with Bethlehem Steel is arranged, plus a few wildfire rumors that the deal was off, kept the issue swinging a bit more widely than the bulk of the group. Wheeling Steel featured in some still-nebulous rumors, and joined Youngstown in the gyrations to a degree that included the best price reached in several years.

Also moving to the best reading in better than two years as a feature on strength was Mengel Co. in the plywood and furniture division. One day's achievement alone was an advance of close to 20% which resulted in the best price since the dividend was trimmed in 1951.

Rails have done little with conviction, occasional good gains or equally wide losses in the division coinciding with the general market trend without any obvious significance. The carriers generally continue to be more neglected than barometric. New Haven shows above-average strength which has ben credited more to the votes in a proxy fight that the stock carries than to anything basic in the fortunes of the road itself.

Swing to Secondaries

The swing to the secondary issues grows even more pronounced daily, the blue chips such as General Electric, DuPont, and Corn Products doing little while attention centers on such issues as Winn & Lovett Grocery, which is preparing for its third 3-for-1 split in less than a decade, the cement issues generally, and special situations such as Corn Exchange Bank which, apart from being one of the few bank stocks still listed, is probably the chain most persistently mentioned in mergers.

Utilities, as is their wont, come in for a bit of favor whenever the going is rough elsewhere and the section, consequently, has been able to shrug off most of the erratic behavior in other parts of the list. In fact, despite the general selling, the utility average hasn't had two successive losing days in more than two weeks, including a period when the industrials declined for three days running and the rails for four.

Technical Factors Insignificant

Technically, the week's action solved little. Despite the selling that began last week and carried over into this week's initial session, few market observers were willing to grant that the very moderate setback filled the description of anything approaching an intermediate correction or that it obviated the need for such a correction before any important topside progress can be made.

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

NSTA Notes

NATIONAL SECURITY TRADERS ASSOCIATION

The Nominating Committee of the National Security Traders Association, Inc. has submitted the following slate for office for 1955:


John W. Bunn


Lex Jolley


T. M. Wakeley


Lawrence S. Pulliam


John M. Hudson

President: John W. Bunn, Stifel, Nicolaus & Company, Incorporated, St. Louis, Mo.

First Vice-President: Lex Jolley, The Robinson-Humphrey Company, Inc., Atlanta, Ga.

Second Vice-President: Thompson M. Wakeley, A. C. Allyn & Company, Incorporated, Chicago

Secretary: John M. Hudson, Thayer, Baker & Co., Philadelphia

Treasurer: Lawrence S. Pulliam, Weeden & Co., Los Angeles

Members of the Nominating Committee were Harry L. Arnold, Goldman, Sachs & Co., New York City, Chairman; Ernest E. Blum, First California Company, San Francisco; James B. Dean, J. W. Tindall & Co., Inc., Atlanta; John G. Heimerdinger, Walter, Woody & Heimerdinger, Cincinnati; Ludwal A. Strader, Strader, Taylor & Co., Inc., Lynchburg, Va.; Edward V. Vallely, John Nuveen & Co., Chicago, and Richard H. Walsh, Newhard, Cook & Co., St. Louis.

NSTA Municipal Committee

Ludwell A. Strader, Strader, Taylor & Co., Inc., Lynchburg, Va., Chairman of the Municipal Committee of the National Security Traders Association, Inc. has appointed G. Powell Davis, Willis, Kenney and Ayres, Richmond, Va. to his committee for the ensuing year.

NSTA Ladies Entertainment

Phillip J. Clark, Amos Sudler & Co., Denver, President of National Security Traders Association, has announced that Mrs. Polly Freear (Landon A. Freear, William N. Edwards & Co., Ft. Worth, Texas) will again head the Ladies Entertainment Committee for the Annual Convention in September.

AD LIBBING

Your Committee feels much encouraged with the gross advertising for our NSTA Supplement to the "Chronicle" now at the $19,000 figure. Hal Murphy informs us that Sumner R. Wolley, of Coffin & Burr, Incorporated, in Boston, has done some outstanding solicitation and it looks as though the Boston affiliate will undoubtedly be among the leading organizations for a real good job done this year.


Sumner R. Wolley


Homer J. Bateman

It was good to hear from Homer J. Bateman, Pacific Northwest Company, Seattle, requesting quite a few order blanks. We hope he is able to top last year's total.

We would like to mention in our columns what is being accomplished by others. May we hear from you? I received a marvelous letter from Herb Blizzard from Japan and it is quite evident that the Colonel has still a great interest in NSTA activities. Why not take time to drop him a note, USAF, Box 431 Hdqrs. FEALOGFOR, APO-323 c/o P. M., San Francisco, Calif.

America's prosperity is sustained by the flow and movement of money through the nation's economic blood stream. Without this circulation of billions of dollars every year—this use of money to move merchandise—industry could not earn so well.

Automobiles are probably the most widely accepted symbols of American prosperity. They are volume products of one of the nation's greatest industries, and their unceasing movement back and forth over millions of miles of highway is symbolic of the tremendous money flow originated by this industry.

Associates Investment Company through its time sales financing in the automotive field is a major force in sustaining this movement of money, this continuous flow of capital to create economic prosperity. In the past twelve months, Associates has put more than one billion dollars to work in automotive and allied financing.

A REPORT FOR THE FIRST SIX MONTHS

CONDENSED CONSOLIDATED BALANCE SHEETS

ASSETS

	June 30, 1954	June 30, 1953
CASH AND MARKETABLE SECURITIES	$ 66,968,329	$ 63,565,016
RECEIVABLES:		
Retail motor vehicle installment receivables	$424,553,547	$390,294,935
Wholesale motor vehicle short-term loans	45,487,999	43,518,035
Direct and personal installment loans	37,765,548	34,515,676
Commercial and other receivables	25,803,615	27,632,007
	$533,610,709	$495,960,653
Less: Unearned discounts	30,707,576	28,808,409
Reserve for losses	11,484,714	10,860,629
Total receivables, net	$491,418,419	$456,291,615
OTHER ASSETS	7,617,605	4,865,586
	$566,004,353	$524,722,217

LIABILITIES

	June 30, 1954	June 30, 1953
NOTES PAYABLE, short term	$255,560,050	$267,970,700
TERM NOTES due within one year	43,250,000	——
COMMON STOCK DIVIDEND payable July 2, 1954	1,406,462	——
ACCOUNTS PAYABLE, ACCRUALS AND RESERVES	24,724,799	25,277,212
UNEARNED INSURANCE PREMIUMS	24,876,229	23,689,035
LONG-TERM NOTES	85,455,000	95,005,000
SUBORDINATED LONG-TERM NOTES	35,000,000	37,500,000
CAPITAL DEBENTURES	9,000,000	——
PREFERRED STOCK	12,500,000	9,700,000
COMMON STOCK	31,254,720	31,254,720
SURPLUS	42,977,093	34,325,550
	$566,004,353	$524,722,217

CONDENSED CONSOLIDATED INCOME STATEMENTS

	Six Months Ended June 30, 1954	Six Months Ended June 30, 1953
Discount, interest, premiums and other income	$46,254,477	$44,804,470
Operating expenses	30,792,812	30,127,935
Net income before Federal income tax	$15,461,665	$14,676,535
Provision for Federal income tax	7,490,000	7,875,000
Net income	$ 7,971,665	$ 6,801,535
Consolidated net earnings per share of common stock after payment of preferred dividends	$2.47	$2.11

Associates

Commercial and Installment Financing

ASSOCIATES INVESTMENT COMPANY

ASSOCIATES DISCOUNT CORPORATION

EMMCO INSURANCE COMPANY

and other subsidiaries

HOME OFFICE: SOUTH BEND, INDIANA • AND OFFICES IN 145 PRINCIPAL CITIES IN THE UNITED STATES.

NEWS ABOUT BANKS AND BANKERS

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED
CAPITALIZATIONS

The Board of Directors of **The National City Bank of New York** voted on August 10 to recommend to shareholders a proposal to increase the capital funds of the Bank by the sale of 2,500,000 additional shares of its capital stock at $52.50 per share, a total of $131,250,000. The number of shares, of $20 par value, would be increased from 7,500,000 to 10,000,000.

At the same time, quarterly dividends aggregating 60 cents per share on the shares presently outstanding were declared, payable Nov. 1, 1954 to shareholders of record on Oct. 8, 1954. This increases the dividend rate per share from $2.20 to $2.40 per annum. It is the intention of the Board of Directors, subject to future earnings, to continue dividends at the $2.40 rate on the increased number of shares.

A special meeting of shareholders has been called for Sept. 20, 1954 to take action on the proposal to sell the additional shares. Upon approval, the shares will be offered at $52.50 per share to all the shareholders pro rata, on the basis of one new share for each three shares held of record as of Sept. 24, 1954. The Board of Directors has concluded arrangements with a group of investment bankers headed by the First Boston Corporation for the sale of any unsubscribed shares at the subscription price of $52.50 per share.

Of the proceeds of the sale of the additional shares, $50,000,000 would be added to the Capital of the Bank and the remainder to surplus. The Board intends to transfer to surplus from Undivided Profits and Unallocated Reserves a sufficient further amount to increase the Surplus to $300,000,000. With these changes the Capital of the Bank would be increased from $150,000,000 to $200,000,000 and the Surplus from $200,000,000 to $300,000,000.

Including approximately $50,000,000 of Undivided Profits, total capital funds of the Bank would approximate $550,000,000. This total does not include either the capital funds of City Bank Farmers Trust Company, which exceed $32,000,000, or Unallocated Reserves of the Bank of more than $50,000,000.

Capital funds would represent approximately 25% of loans and 10% of deposits compared with 18.5% and 7.5% respectively as of June 30, 1954. The legal lending limit (10% of Capital and Surplus) would be increased from $35,000,000 to $50,000,000.

The book value of the combined capital funds of the Bank and of City Bank Farmers Trust Company was $58.68 per share as of June 30. After the foregoing changes it would be approximately $58.20 per share.

If the Capital Stock increase is authorized warrants covering the subscription rights will be issued and mailed about Sept. 30, 1954 to shareholders of record Sept. 24. The rights will terminate if not exercised on or before Oct. 22.

Commenting on the proposal, Howard C. Sheperd, Chairman of the Board, said: "In recommending this action, the Board of Directors affirms its faith in the continuing growth of the American economy, and recognizes the responsibility of banking institutions to keep pace with the expansion of the businesses which they serve. The growth of population and national product, the achievements of research and of business management, and the resulting needs for capital and credit, all point to expanding demands for banking accommodation. The increase in our capital funds will enhance our ability, both as depositary and lender, to meet these demands. It will strengthen our position of leadership and increase our capacity to attract new business. It is in the interest of the shareholders, since it will provide a firm basis for continued growth."

* * *

At the regular meeting of the Board of Directors of **The National City Bank of New York** held on August 10 DeWitt A. Forward, Senior Vice-President, was appointed a Director. George A. Guerdan, Vice-President, was given the additional title of Cashier.

Mr. Guerdan, a native of New York City, joined National City in 1916. He was appointed an Assistant Cashier in 1928, Assistant Vice-President in 1931 and Vice-President in 1946. Mr. Guerdan served for many years in the Bank's Domestic Branch Administration.

* * *

Nathan C. Lenfestey, Cashier of **The National City Bank of New York** since 1919, died of a heart attack at his home in Summit, N. J., Aug. 8. He was 64 years old. He was also a National City Director, since 1953, and had been Executive Vice-President and Cashier since 1952.

Born in Marion, Ind., where he received his elementary and high school education. After leaving school he took a position in the **Grant Trust and Savings Company in Marion, Ind.**

Mr. Lenfestey spent his summer vacations working in the **First National Bank at Marion, Ind.**, and thus obtained a valuable and varied banking experience.

In 1917 Mr. Lenfestey came to New York and entered the employ of National City. He soon was appointed an Assistant Cashier in charge of the Organization Department, and on Nov. 25, 1919, he was promoted to Cashier, position he held at his death.

He was made a Vice-President in July, 1940, and an Executive Vice-President in October, 1952. He was also a Director, Vice-President, Secretary and Treasurer of the International Banking Corporation and of the National City Realty Corporation, and a Director, Secretary and Treasurer of the National City Safe Deposit Company.

Funeral services for Mr. Lenfestey, were held on August 11 at Central Presbyterian Church, Summit, N. J.

Honorary pallbearers at the funeral service were: Howard C. Sheperd, Chairman of the Board; James S. Rockefeller, President; Richard S. Perkins, Vice-Chairman of the Board and President, **City Bank Farmers Trust Company**; Lindsay Bradford, Vice-Chairman of the Board, City Bank Farmers Trust Company; DeWitt A. Forward, Senior Vice-President; J. Howard Laeri, Leo N. Shaw and Alan H. Temple, Executive Vice-Presidents; Ralph H. Thomson, Comptroller; Lewis B. Cuyler, George A. Guerdan and James MacN. Thompson, Vice-Presidents; Alexander W. McGhee, Vice-President, City Bank Farmers Trust Company and Burness Kydd, former Comptroller, retired.

* * *

Aertsen P. Keasbey, has been appointed a member of the Advisory Board of the 14th Street Office (79 Eighth Avenue at 14th Street, New York City) of **Manufacturers Trust Company, New York**, Horace C. Flanigan, President, announced on Aug. 11.

* * *

The Bank of New York announced on Aug. 5 that it will demolish its Fifth Avenue branch quarters as well as all other buildings on the west side of Fifth Avenue between 44th and 45th Streets to build a new bank and office building.

The branch now occupies six buildings on the northwest corner of 44th Street and Fifth Avenue. These consolidated buildings were the richly appointed quarters of the **Fifth Avenue Bank**, which was merged with the Bank of New York, the city's oldest bank, in 1948.

Plans for the new building are incomplete, according to Albert C. Simonds, Jr., Bank of New York President. He said that the architects have determined only that the building will be at least 20 stories high and air-conditioned.

* * *

Robert L. Cushing has been advanced from Assistant Secretary to Assistant Vice-President of **Chemical Bank & Trust Company, New York**, it was announced Aug. 5 by N. Baxter Jackson, Chairman. Mr. Cushing is a member of Chemical Bank's Metropolitan Division at 165 Broadway, New York.

* * *

The appointment of Arnold L. Yates, Harry F. Hurley and J. Frank Wiedeman as Assistant Vice-Presidents of the **United States Trust Company of New York** was announced on Aug. 5 by Benjamin Strong, President. Mr. Yates, who joined the Bank in 1942, will assume supervision of the Bank's corporate trust activities. At the same time Mr. Strong announced the retirement of Henry L. Smithers, Assistant Vice-President, who headed the corporate trust department during a major part of his more than 40 years' service with the Bank.

Mr. Hurley and Mr. Wiedeman have been associated with the Bank's investment activities for the past 17 years.

* * *

Joseph T. Sharkey, Vice-Chairman and Majority Leader of the City Council, has been elected a Trustee of **The Dime Savings Bank of Williamsburgh, New York**, it was announced on Aug. 10 by Henry W. Weber, President of that institution.

* * *

Security Trust Company of Rochester, New York and the **Farmers' & Mechanics Trust Company, Bath, New York**, have filed, on Aug. 2, with the Banking Department of the State of New York a plan of merger, under the title of the Security Trust Company of Rochester.

* * *

Peninsular National Bank of Cedarhurst, New York, by sale of new stock effective July 28, increased its common capital stock from $562,500 to $675,000.

* * *

The Citizens National Bank of East Mauch, Jim Thorpe, Pennsylvania, has changed its name to **The Citizens National Bank of Jim Thorpe, Jim Thorpe, Pennsylvania**, effective July 26.

* * *

The **First National Bank of St. Matthews, St. Matthews, Kentucky**, with common stock of $100,000 and **The First National Bank of Louisville, Louisville, Ky.**, with common stock of $2,000,000, merged under the charter and title of "The First National Bank of Louisville."

At the effective date of merger, the merged Bank will have capital stock of $3,000,000 divided into 30,000 shares of common stock of the par value of $100 each; surplus of $5,192,000; and undivided profits and reserves of not less than $3,098,938.

* * *

The First National Bank of Lincolnton, North Carolina has increased its common capital stock from $100,000 to $200,000 by a stock dividend effective July 26.

* * *

The **First National Bank of Eau Gallie, Florida**, was issued a charter on July 29 by the Office of the Comptroller of the Currency. The Bank has a capital of $125,000 and a surplus of $75,000. The President is T. R. Whitehead and the Cashier Ernest L. Johnson.

* * *

The First National Bank of Oakdale, California, with common capital stock of $300,000, went into voluntary liquidation effective July 13 and was absorbed by the **Central Bank, Oakland, California.**

Harris, Upham to Admit Four New Partners

Harris, Upham & Co., 14 Wall Street, New York City, members of the New York Stock Exchange, on Sept. 1 will admit to partnership Benson B. Sloan, Jr., Jerome H. P. Boucher, Henry U. Harris, Jr., and Gaines Gwathmey, Jr., member of the New York Stock Exchange.

New Edwards Branch

KEOKUK, Iowa—A. G. Edwards & Sons have opened a branch office in the Iowa Hotel Building, under the management of Wayne L. Earls.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The Government market is taking the very successful refunding operation pretty much in strdie and, even though the vacation period is upon us, there appears to be no difficulty in digesting the new obligations which came into being by way of the new money raising and refunding operations. There are reports of a considerable amount of switches being made, with the outstanding intermediate term premium obligations being sold and the proceeds being put to work in the 2⅛% of 1960. The out-of-town commercial banks are the important buyers of the new refunding bond even though these same institutions, according to reports, are also the largest takers of the longest Treasury obligations.

The short-term market is still very active and there is no lack of liquidity buyers in this section of the list, even though the feeling is rather general that near-term rates will continue to edge up a bit more.

Banks Acquire Long Bonds for Income

With the current Government refunding out of the way, money market specialists are beginning to turn part of their attention towards the early fall picture, because it is indicated that the balance of the month of August is not likely to bring about any startling developments. It is believed that the period of digestion which the market appears to be in now will enable operators to balance out positions, not only in the new issues but also in the outstanding obligations. This is resulting in a considerable number of switches being made, with the trend being into the longer-term obligations.

The need for the maintenance of income is becoming more important to many institutions, because they are continuing to lose earning assets, and, accordingly, this is resulting in the higher income Treasury issues being put into more portfolios.

2⅛s of 1960 in Strong Demand

The new 2⅛% bond, according to reports, has considerable attraction for many of the commercial banks not only those in the out-of-town areas but also those in the larger money centers. It is indicated, however, that the smaller deposit institutions have been the largest buyers of the new refunding bond, even though considerable competition has come from many other sources not the least of which has been non-bank investors. It seems as though a not unimportant number of fire insurance and casualty companies as well as charitable organizations and pension funds have put a sizable amount of money into the 1960 bond.

It is reported that certain holders of Treasury obligations which are in the 1958 to 1961 area are selling these issues and putting the proceeds into the 2⅛% due 11/15/60. By making these swops from the older outstanding obligations (in the same maturity range, as the new bond) into the 2⅛s of 1960, there is a taking down of profits, while at the same time income is still being kept at a fairly comparable level.

Intermediate Financing Expected Later

The money markets are again in the vacation period, and it is not believed that more than previously planned programs are likely to be carried out. This does not mean, however, that the unexpected cannot be taken care of. Nonetheless, most money market specialists appear to be of the opinion that it will be sometime in the Fall before there will be important developments in the Government market. By that time, the question of the debt limit should be pretty well settled.

What form the Fall new money raising obligation or obligations will take is going to depend upon the condition of business, which at the present time appears to be on the favorable side. It is believed, nonetheless, by not a few in the financial district that any new money which the Government will raise during the balance of 1954 will be of the short or intermediate term variety. They point out that unless there is an inflationary tinge to economic conditions, the Treasury is quite likely to issue obligations which will create deposits in the commercial banks and in this way offset the decrease in deposits which comes about through the decline in loans.

Some Issues Behind Market

The money markets, according to certain analysts, are not likely to move too far in either direction in the foreseeable future. It is contended that Federal will do what is necessary to keep Government bond prices pretty much within the ranges which have been seen in the last few months. This does not, however, mean that there could not be certain issues which would do better than others because the yield curve seems to indicate some of them are still out of line with the general market.

Continued from first page

As We See It

to contribute to support of that part of the population which lives on our farms.

The inevitable economic consequences have been becoming clearer and clearer for several years past. They have now reached the point where, so we hope, the public will not longer tolerate the situation, at least in the form and degree it has now assumed. What has happened is essentially this: From a mixture of motives it was determined that the farmer must be pampered, and directly or indirectly the funds for the purpose were created by the banks at the behest and with the guarantee of the Federal Government. For reasons which need not deter us here and which in any event were not really thought out even by the powers that be, these subsidies to the farmer were not to be simple gifts but tied directly to production and to preparations for even greater production. Of course, the funds did not remain in the hands of the farmers but passed on into the general stream of income and expenditures throughout the economy (as inflationary funds always do). But, of course, not even this fillip could create demand enough for the output of the farmers to insure normal distribution and consumption of the product. The result is surpluses so enormous as to be virtually worthless in many instances—and farmers now so accustomed to overproducing and getting paid for excess product which no one wants that they feel themselves greatly aggrieved when anything at all is done to put a stop to the farce.

Not Sui Generis

But agriculture is not *sui generis,* at least in these respects. Broadly similar policies of the economic managers of the nation have brought questionable results at other points, too. Despite all the pleas of the "do-gooders," and notwithstanding the arguments of many of the Keynesian hangers-on, we venture to say that the residential housing situation as it exists today is in some respects definitely a case in point. We have for years past had public housing, publicly subsidized housing, and public financing of housing—all to help the poor man to improve the shelter in which he lives and to stimulate business and maintain employment. At least these are the official objectives of what has been done and is being done.

What has actually occurred is instructive. Even more instructive is the basic nature of the situation as it has developed over the years. First of all, residential construction has been breaking all records since it got well started after the close of World War II. It is still going very strong. For all of this there are a number of reasons, many of them very sound and some of them definitely dubious. There was, of course, an exceedingly large backlog of demand for housing due to the great depression of the 'Thirties and the all-out war of the first half of the 'Forties. Population continued to grow even during the 'Thirties, although at a reduced rate. Marriages rose sharply during the war, and the number of new households demanding places to live mounted phenomenally in the years immediately following the war, as did the number of births.

In addition to all this, the booming years (in considerable degree inflationary in nature) brought additional supplies of new motor cars which in turn stimulated an already existing desire on the part of young couples to live outside of the more congested areas, and to undertake the construction of homes in such districts. A continued high rate of births has obliged many couples to seek larger quarters either by additions to their already existing housing facilities or by acquiring new accommodation. Pension systems now so widely in vogue are said to be enabling more of the older population to maintain homes of their own instead of "doubling up" as was in the past more the custom.

Well Enough, But . . .

All this sounds well enough, and so far as the facts thus cited are concerned is to be put down for the most part on the right side of the ledger. But certain questions will not down. These center about certain parts of the foundations upon which this housing boom appears to have rested and in even larger degree perhaps now rests. A not insignificant part of the construction in recent years has been what is known as public housing. It would be strange if the accounts of these enterprises and of the sponsoring political units were such as to enable the citizen to arrive at anything approaching an accurate knowledge of financial results. They have been built and are being built either with government contributions (acquired by inflationary procedures) or else with what amounts to government guaranty of their obligations. This means, among other things, that they are getting their capital funds far below the normal rate. Relative freedom from taxation gives them another unwarranted advantage. Are we presently to find ourselves with another establishment which must be carried at public expense? Such an eventuality would scarcely be conducive to a prosperous economy.

Reminiscent of the 'Twenties

The terms on which many of these houses are now being financed is strongly reminiscent of what took place in the late 'Twenties, where over-appraisals, low down payments and overly long mortgages brought disaster to many an investor—and for that matter to many home-owners. In addition, both by direct intervention and by broad monetary policies, interest rates have now been driven down to a point where artificial stimulation of housing construction is present in many instances. How will this structure stand up if and when adversity strikes—as it will sooner or later? Is this vast extension of home ownership compatible with the degree of labor mobility believed to be required, or at least desirable, in the modern economy exposed to possible atomic warfare? Let it not be forgotten that artificial stimulation of housing construction indirectly produces artificial stimulation of many other things.

Other instances could be cited, of course, but enough has been said, so we hope, to stimulate very careful thought about the way we are now traveling.

Continued from first page

The Protection of Freedom

deavor to do so, not in the tones of Jeremiah but in the spirit of Saint Paul.

New forces from science and new ideas, both good and bad, constantly arise in the world. We welcome changes which advance the welfare of our people. Our system always needs repairs.

Also we have to clean up the vast wreckage and disorders of two devastating tornadoes of wars which have swept over mankind during the past 40 years.

And above all, we have need to remedy constant corruption of the safeguards of free men.

The remedies in America are not revolution. They are except for peace and war mostly jobs of marginal repairs around a sound philosophy and a stout heart.

The Safeguards of Free Men

Our Founding Fathers did not invent the priceless boon of individual freedom and respect for the dignity of men. That great gift to mankind sprang from the Creator and not from governments.

The Founding Fathers, with superb genius, welded together the safeguards of these freedoms.

They were mostly concerned with the dangers of political tyranny. With the coming of the industrial age our people welded in new safeguards. We could no more have economic tyranny than political tyranny.

And with these safeguards our people were at one time closer to the goals of human welfare than any other civilization in all history.

Power of Federal and Local Government

The progress of freedom is a never-ending struggle to prevent the abuse of power whether by individuals, by groups, or by government or nations.

Our Founding Fathers created unique restraints on power by the Bill of Rights and a structure of built-in checks and balances. Among these new concepts was a division of power between the Federal and State Governments and between the three branches of government. I do not need to tell you that. But what I have to tell you is that these separations of power became seriously confused, corroded and weakened during the 20 years before this Administration.

These confusions have included executive encroachment on the Legislative and Judicial branches. There has been judicial encroachment on the States' rights. There has been Congressional encroachment on the Executive. The Federal Government has grasped many of the vital functions of State and local government.

Some of the corrosions of our division of power are the aftermaths of our wars. Some of them come from the various infections of Socialism. I will tell you more of that later.

Some of the corrosions come from the discovery that it is easy for the Federal Government to light the magic power of Federal credit. But the flame that warms can also consume the safeguards of free men.

Some of these encroachments come from a long era of beguilement by pressure groups and local government for subsidies from the Federal Government.

One of the end results of all this is the growth of a huge centralized Federal bureaucracy. It has expanded in 20 years from 600,000 to 2,300,000. Some increase is necessary. Most of them are fine men and women. But innate in bureaucracy are three implacable spirits. They are self-perpetuation, expansion of their empires, and demand for more power. Bureaucracy rushes headlong into the visions of the millennium and sends the bills to the Treasury.

Today we have more Federal employees in nearly every state than all the local officials, including constables. They penetrate every part of local government. They produce great waste of the taxpayers' money. They create a vested interest or a vested habit for some pressure group. They interfere in politics and too often are infected with corruption.

Their magics invade personal freedom of every citizen, every moment of every hour.

The remedy is to restore the checks and balances of power, to reinvigorate State and local governments and to deflate the bureaucratic empires.

Many of these confusions of power are today under vigorous investigation in which I have some part.

My countrymen, all these corrosions of the checks and balances of power call for constant battle from you, the people. They must be wiped out if you would stay fully free.

Power in Our Foreign Relations

In our foreign relations there are great dangers and also vital safeguards to free men. During the last war we witnessed a special encroachment of the Executive upon the Legislative Branch. This has been through a new type of commitment of the United States to other nations. I am not going to argue legalisms, for they do not go to the center of the issue. The real issue is whether the President, through declaration or implication or by appeasement or by acquiescence, or by joint statements with foreign officials, can commit the American people to foreign nations without the specific consent of the elected representatives of the people.

There has been a grievous list of such commitments. They include international agreements which shackle our economy by limiting a free market. But more terrible were such executive agreements as our recognition of Soviet Russia which opened the headgates for a torrent of traitors. Our tacit alliance with Soviet Russia spread Communism over the earth. Our acquiescence in the annexation by Russia of the Baltic States at Moscow and the partition of Poland at Teheran extinguished the liberties of tens of millions of people. Worse still was the appeasement and surrender at Yalta of ten nations to slavery. And there was the secret agreement with respect to China which set in train the communization of Mongolia, North Korea and all of China.

These unrestrained Presidential actions have resulted in a shrinking of human freedom over the whole world. From these actions came the jeopardies of the Cold War. As a by-product these actions have shrunk our freedoms by crushing taxes, huge defense costs, inflation and compulsory military service.

We must make such misuse of power forever impossible.

And let me say, I have no fears of this evil from President Eisenhower, but he will not always be President.

Our Present Foreign Situation

Our dangers from the Communist source of gigantic evil in the world are unending. All of the peace agencies we have created and all of the repeated conferences we have held have failed to find even a whisper of real peace.

Amid these malign forces, our haunting anxiety and our paramount necessity is the defense of our country.

It is not my purpose to define the foreign policies of our government.

Sooner or later a new line of action will become imperative.

I have disagreed with, and protested against, the most dangerous of our foreign political policies during the whole of the 20 years prior to the last Presidential election. I opposed and protested every step in the policies which led us into the Second World War.

Especially in June, 1941, when Britain was safe from a German invasion due to Hitler's diversion to attack on Stalin, I urged that the gargantuan jest of all history would be our giving aid to the Soviet Government. I urged we should allow those two dictators to exhaust each other. I stated that the result of our assistance would be to spread Communism over the whole world. I urged that if we stood aside the time would come when we could bring lasting peace to the world.

I have no regrets. The con-

sequences have proved that I was right.

The Communists

Today the Socialist virus and poison gas generated by Karl Marx and Friedrich Engels have spread into every nation on the earth. Their dogma is absolute materialism which defies truth and religious faith. Their poisons are of many sorts. The preservation of the safeguards of liberty makes it imperative that we give heed to their every variety.

The bloody virus type, radiating from Communist Russia, is today rotting the souls of two-fifths of all mankind which it has enslaved.

From the day Lenin rose to power in Moscow, the Communists have carried on an underground conspiracy against every other nation. The rank and file of our people are immune from this infection. The recruiting grounds for their agents are from our minority of fuzzy-minded intellectuals and labor leaders. Over a thousand such Communist agents have already been rooted out of responsible positions in our government and other spots of influence.

Many of these spies and traitors when exposed sought sanctuary for their infamies in the Fifth Amendment. Such a plea of immunity is an implication of guilt. Surely these people should not have the right to vote or to hold office, for thereby they use these privileges of free men against the safeguards of freedom.

Despite the clamor over ferreting out these persons, you must not be led into the mistake that Moscow has closed down its recruiting offices for American agents. Or that continued action of the F. B. I. and Congressional Committees is not equally imperative.

I have little fear that these Communist agents can destroy the Republic if we continue to ferret them out. Our greater concern should be the other varieties of Karl Marx virus.

The Socialists

Among them are the Socialists. They assert they would proceed only by Constitutional means.

The Socialists prowl on many fronts. They promote the centralized Federal Government, with its huge bureaucracy. They drive to absorb the income of the people by unnecessary government spending and exorbitant taxes. They have pushed our government deep into enterprises which compete with the rights of free men. These enterprises are endowed with exemption from control of state and local governments. Congressional Committees have listed hundreds of these Federal activities. But only a drop of typhoid in a barrel of drinking water sickens a whole village.

Every step of these programs somewhere, somehow, stultifies the freedom, the incentives, the courage, and the creative impulses of our people.

Beyond all this, there is proof in the world that the end result of Socialism can be bloody Communism. In the Iron Curtain States, it was the Socialist intellectuals who weakened the freedom of men by destroying free enterprise. Thus they furnished the boarding ladders by which the Communists captured the Ship of State.

The Welfare State

One of the postwar cousins of Socialism is the so-called "Welfare State." This poison gas is generated by the same sort of fuzzy-minded intellectuals. Its slogan is "Planned Economy." The phrase itself was borrowed from totalitarian governments. The end of it would at least be a government wherein whatever is not forbidden would be compulsory.

One of the annoyances of this cult is its false assumption that our nation has never been heedful of the welfare of our people. That we are our brother's keeper was rooted in religious faith long before these fuzzy-minded men were born. Since the foundation of the Republic, we have recognized and practiced both private and governmental responsibility for the unfortunate and the aged; for the education of our youth and the health of our people.

Moreover, this cult has a host of gimmicks for giving away the people's money. Among their ideas is that government should guarantee every citizen security from the cradle to the grave.

But it is solely the initiative and the labor of the physically able in the prime of life that can support the aged, the young, the sick—and the bureaucracy. And this active earning group requires the pressures of competition, the rewards of enterprise and new adventure to keep it on the job. Even if security from the cradle to the grave could eliminate the risks of life, it would be a dead hand on the creative spirit of our people. Also, the judgment of the Lord to Adam about sweat has not been repealed.

When we flirt with the Delilah of security for our productive group, we had better watch out, lest in our blindness we pull down the pillars of the temple of free men.

The British under a Socialist government tried it. Its result was a level of poverty which British Socialists sought to obscure with the term "austerity." Britain is now in retreat from it.

The Common Man

Among the delusions offered us by fuzzy-minded people is that imaginary creature, the Common Man. It is dinned into us that this

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The Protection of Freedom

is the Century of the Common Man. The whole idea is another cousin of the Soviet proletariat. The Uncommon Man is to be whittled down to size. It is the negation of individual dignity and a slogan of mediocrity and uniformity.

The Common Man dogma may be of use as a vote-getting apparatus. It supposedly proves the humility of demagogues.

The greatest strides of human progress have come from uncommon men and women. You have perhaps heard of George Washington, Abraham Lincoln, or Thomas Edison. They were humble in origin, but that was not their greatness.

The humor of it is that when we get sick, we want an uncommon doctor. When we go to war, we yearn for an uncommon general or admiral. When we choose the President of a University, we want an uncommon educator.

The imperative need of this nation at all times is the leadership of the Uncommon Men or Women. We need men and women who cannot be intimidated, who are not concerned with applause meters, nor those who sell tomorrow for cheers today.

Such leaders are not to be made like queen bees. They must rise by their own merits. America recognizes no frozen social stratifications which prevent this free rise of every individual. They rise by merit from our shops and farms. They rise from the 35 million boys and girls in our schools and colleges. That they have the determination to rise is the glorious promise of leadership among free men.

A nation is strong or weak, it thrives or perishes upon what it believes to be true. If our youth is rightly instructed in the faith of our fathers; in the traditions of our country; in the dignity of each individual man, then our power will be stronger than any weapon of destruction that man can devise.

This Whole Socialist Gamut

And now as to this whole gamut of Socialist infections, I say to you, the neighbors of my childhood, the sons and daughters of my native State, God has blessed us with another wonderful word—heritage. The great documents of that heritage are not from Karl Marx. They are the Bible, the Declaration of Independence and the Constitution of the United States. Within them alone can the safeguards of freedom survive. Safeguard the true spriit of these guarantees for your children, that they may not become the prisoners of a hydra-headed Socialism.

If anyone rises to say that all this is reactionary, you may class him as either fuzzy-minded or an ignorant enemy of free men.

The New Frontiers

Amid this recitation of our problems, I would not have you think that there are not great fields of promise for the future if we can keep out of war.

The last few years have seen advances in science and technology which amount almost to revolution in our life and world relations. If we maintain free minds, free spirits, and direct our steps aright, still other new horizons and new frontiers are open to us. New inventions and new applications of old knowledge will come to us daily.

These new frontiers give us other blessings. Not only do they expand our living but also they open new opportunities and new areas of adventure and enterprise. They open new vistas of beauty. They unfold the wonders of the atom and the heavens. Daily they prove the reality of an all-wise Supreme Giver of Law.

Conclusion

There are voices in our country who daily sound alarms that our civilization is on the way out. Concentrated on the difficulties of our times, they see an early and dour end for us. But civilization does not decline and fall while the people still possess dynamic creative faculties, devotion to religious faith and to liberty. The American people still possess these qualities. We are not at the bedside of a nation in death agony.

Eighty years is a long time for a man to live. As the shadows lengthen over my years, my confidence, my hopes and dreams for my countrymen are undimmed. This confidence is that with advancing knowledge, toil will grow less exacting; that fear, hatred, pain, and tears may subside; that the regenerating sun of creative ability and religious devotion will refresh each morning the strength and progress of my country.

Congress Group Urges Improved Economic Data

Subcommittee of the Joint Committee on the Economic Report, headed by Congressman Henry O. Talle of Iowa, list findings and recommendations for a more accurate and effective statistical data relating to economic affairs.

A subcommittee on Economic Statistics set up by the Joint Congressional Committee on the Economic Report, with Rep. Henry O. Talle (R. Iowa) as Chairman, on Aug. 6 submitted to Rept. Jesse P. Wolcott, the Chairman of the Joint Committee, its preliminary findings and recommendations. According to the subcommittee, the greatest single need for improvement is the further integration of Federal statistical activities into a more closely knit and hence more useful statistical system. The nation is entitled, the committee stated, to an intermeshed and smoothly working statistical mechanism which is completely objective, impartial, and staffed by technical personnel of the highest competence.

The principal findings and recommendations of the subcommittee follow:

(1) **Private economic interests and government policy - makers require an increasing quantity and improved quality of economic statistics.** In its hearings the subcommittee was informed of the statistical needs of some of the important users of Federal data. It hopes to extend its knowledge in this field. A major impediment to statistical development has been the general lack of a clear understanding, particularly by the Congress, of the ways in which statistics are used in government and in private affairs. The subcommittee is considering the preparation of a factual statement, as comprehensive and precise as possible, of the uses made of statistics and setting forth needs of government and private enterprise—business, agriculture and labor—for additional statistical data. Statistics are used not only for administrative and operating purposes, but also as necessary aids in promoting high-level employment, economic stability and growth. The proposed statement would include interpretation of the data-needs of those engaged in research on business fluctuations and on the development of economic science.

It is clear that intelligent economic judgments can only be made on the basis of adequate factual information. The private enterprise system rightly looks to government for such facts. Only the Federal Government can assemble and publish the array of economic statistics needed. The Congress, State and local legislative bodies, and public administrators in all levels of government must have improved economic statistics. Programs for national security, taxation, agriculture, housing, schools, highways and virtually every activity of government depend, in both formulation and execution, on the knowledge and use of economic statistics. In today's complex world hundreds of millions of dollars may be involved in the trend of a single statistical series. Wage rates and agricultural support payments are but two examples. Statistics are also needed in the every-day activities of the small, or average, consumer, farmer, businessman, laborer and researcher, some of whom may not even be aware of the uses they make of statistics or the needs they have for them.

The subcommittee notes particularly the needs of the Joint Committee on the Economic Report for improved information on the economic outlook. Knowledge of and the relations between and among the plans, programs, and expectations of consumers, businesses, and governments are necessary in appraising the over-all outlook and in considering appropriate economic policy measures. Constant attention and study should be given to statistics which may be particularly useful in indicating changing economic trends, although our dynamic economy will never permit reliance on such statistics alone for predicting future economic conditions.

Speed in gathering and disseminating economic information is another important need, not only of this Committee but of policy-makers generally.

(2) **The principal stumbling block to providing an adequate economic statistical program is the lack of financial support.** The primary responsibility for this support rests with the Congress, but the Executive Branch has the responsibility for providing strong leadership. The Subcommittee realizes the importance of economy in Government, and it appreciates the need for carefully screening requests for statistical improvements, and for efficiently planning statistical programs to avoid duplication of effort, harassment of suppliers of data, as well as waste and extravagance generally. At the same time in the light of the need for adequate statistics, past economies have gone too far. Increases are necessary, well justified, and will pay dividends to the economy—and in so doing to the Federal Treasury.

(3) **Administrative agencies which produce statistics as a by-product should be encouraged to recognize their obligations to the statistical system.** A major part of the available economic statistics results from the administration of such governmental functions as tax collection, the regulation of railroads and banks, and the processing of claims for unemployment insurance. These "administrative statistics" cost relatively little because their production is incidental. The wide dependence upon them is one of the principal reasons for the extreme decentralization that characterizes Federal statistical organization. The Subcommittee is gratified that such administrative agencies as the Internal Revenue Service and the Bureau of Old Age and Survivors Insurance are now providing "benchmarks" for statistical series produced in other agencies, thus hastening the creation of an integrated statistical system in which figures from many separate sources may be fitted together. There is need, however, for more rapid processing and releasing of the data.

(4) **Greater emphasis on the development of an over-all program of economic statistics by the Executive Branch of the Government is needed.** To fit together the economic statistics produced by different Federal agencies so that their aggregate constitutes an integrated system requires a strong and aggressive coordinating unit. The Federal Reports Act of 1942, together with the Budget and Accounting Procedures Act of 1950, provide the necessary legislative authority for this purpose. In particular the second of these acts places the major responsibility for formulating a coordinated statistical program in the President, acting through the Director of the Bureau of the Budget. It is essential for users of statistics, such as the Council of Economic Advisers, to make known their needs. It is especially important for the Council of Economic Advisers to give adequate and appropriate support within the Executive family, and in relations with the Congress, to meeting those needs. This support should also take the form of setting forth specifications and providing technical assistance in the development of programs. The heads of major Federal statistical-producing agencies have much to contribute in designing and executing an integral statistical system. Administrative machinery should insure that these talents are fully utilized.

However, the final responsibility for assessing the relative importance of many different uses, and for developing an orderly and well-rounded system, and for deciding where in that system the statistical implementation can most effectively and efficiently be carried out, is fixed in the Office of Statistical Standards in the Bureau of the Budget to which this authority is delegated. The progress made in the last 20 years in developing an integrated set of economic statistics under the leadership of the Central Statistical Board and its successor, the Office of Statistical Standards, has been substantial and is to be commended. Nevertheless, it is clear the need to achieve and maintain statistical integration in an adequate and complete system still exists. This is a responsibility of the Executive Branch of the Government.

(5) **More attention should be given by Federal agencies to studying concepts and methods of operation, and to setting forth the limitations of the data appearing in their published reports.** Complete precision in statistics is probably unattainable and the Subcommittee is well aware that there is always a margin of uncertainty attached to statistical results. Its only concern is that adequate steps be taken to measure this lack of precision and to acquaint the user of data with its nature and extent. Relatively greater expenditure of effort and funds needs to be directed by a majority of Federal statistical agencies to an examination and analysis of the built-in limitations upon their findings and the degree of reliability that can be placed upon them.

(6) **A section on economic statistics should be included in the President's Annual Budget and more consideration given to an adequate economic statistics program in the President's Economic Report.** The various statistical programs of the executive agencies and their costs should be brought together and discussed. Proposed changes in these programs and their relation to the over-all Federal statistical system should be pointed out.

The program presented next January should be prepared after careful appraisal of suggestions received by this subcommittee and incorporated in the published hearings. The subcommittee hopes that the various statistical advisory committees to Federal agencies will be asked to review these hearings and that the President's program submitted next January will represent a big step forward in the development of a realistic and adequate economic statistical system.

(7) **The Subcommittee recommends that the full Committee devote one panel session to economic statistics at its hearings next year, preliminary to submitting its own report to the Congress on March 1.** This would provide opportunity for review of the statistical program submitted in the President's Budget and Economic Report. It would equip this Committee and Subcommittee to be an effective voice in Congressional consideration of programs in the next session of the Congress.

(8) **Adequate and timely benchmark data from regular censuses of agriculture, business, manufactures, minerals, and State and local government are desperately needed.** The census data are the foundation of an adequate program of economic statistics. Economists and statisticians recognize that current economic data based on samples and spot studies must be corrected periodically by the use of censuses if they are to maintain their accuracy. Thus, these benchmark statistics have much more significance than just their contribution to historical research. All necessary steps should be taken by the Executive Branch and the Congress to carry out the census programs as scheduled. We emphasize to administrative agencies the need for speeding up the availability of such data.

(9) **The Federal Reserve System might well expand its statistical collection and analysis programs where it has special interest and competence.** The Subcommittee is requesting the Federal Reserve to explore, in cooperation with Executive agencies, the adequacy of present statistics in three basic areas: (1) inventories, (2) savings, and (3) consumer and business expectations. This request includes a thorough review of, and basic research into, concepts, existing data, sources and procedure for improving these statistics.

(10) **The Staff is directed to proceed with the revision of Economic Indicators.** The suggestions submitted by some 50 subscribers (incorporated in the printed hearings) will be reviewed for possible adoption but complying with the generally expressed desire to maintain the present basic format and contents.

(11) **The Committee Staff is directed to keep the Subcommittee informed of progress on revisions and improvements under way or proposed.** The Subcommittee is particularly interested in the implementation given the recommendations for improvement in labor force, employment and unemployment statistics contained in the Committee's February report (H. Rept. 1256) and in construction statistics.

With Carr & Co.

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich. — Kenneth L. Blue is now with Carr & Company, Penobscot Building, members of the Detroit Stock Exchange.

Joins Reid, Higbie

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich.—Omar Hansen is now with Reid, Higbie & Company, Ford Building, members of the Detroit Stock Exchange.

How Can It Be Done?

"Various United Nations surveys of world and regional economic and social developments continue, year after year, to point to two trends that may, if permitted to go unchecked, be more dangerous in the long run than the conflicts that so monopolize our attention today. One of these is the fact that the population has been increasing faster than production, especially in those areas where standards of living are lowest. The other is the manner in which standards of living in those same areas are still lagging far behind those of the more economically advanced regions. It seems clear that no attack on these trends can be successful without a combination of measures of an order of magnitude far beyond what has so far been undertaken."— Dag Hammarskjold, Secretary General, United Nations.

Does the gentleman mean to suggest that these millions of low living standard peoples be fed, clothed, housed, and otherwise cared for as wards of the remainder of the world?

Why are these hordes "underprivileged"? A candid answer to this question would help a good deal in attacking the problems they pose.

"Trickle-Down Theory" and the New Tax Bill

August issue of "The Guaranty Survey," published by the Guaranty Trust Company of New York, points out neither "trickle-down theory" nor "pump-priming theory" is properly applicable to the tax bill, which is not intended to be an anti-recession device, but is designed to correct defects and inequities in the Federal tax system.

Criticisms of the new Federal tax bill as a product of the "trikle-down theory" are discussed in the current issue of "The Guaranty Survey," monthly publication of the Guaranty Trust Company of New York, in an editorial, "Trickle Down—Theory or Semantic Trick?" Semantics of the "trickle-down" theory is reminiscent of its counterpart, "pump priming," which gained currency during the 1930's, the editorial states. Both expressions are or were used by spokesmen for the same school of thought—the advocates of governmental hypodermics for the economy. Both are misleading, declared "The Guaranty Survey."

"What is this 'trickle-down theory,' so often disparagingly referred to but rarely stated in broad and intelligible terms?" inquires the bank publication. "Users of the phrase are not fully agreed on what it means. As far as the tax bill is concerned, Senator Paul H. Douglas and Representative Richard Bolling of the Joint Committee on the Economic Report think the 'trickle-down theory' means 'to give tax relief to the upper brackets, who will save more, invest more, expand industrial plant, create more jobs, and therefore expand purchasing and consumption.' The 'theory' is that such government-ally bestowed prosperity 'trickles down' from the 'upper brackets' to the lower brackets.

"To other commentators the expression implies tax concessions to business and recipients of business income—categories quite different from the 'upper brackets.'"

What is the kernel of truth in the much abused "trickle-down theory?" asked the "Survey."

"Just this: Business is not a class or group that can be penalized or exploited for the benefit of other groups. Business, in the broad sense, is the organized economic life of the people. It is the source of all the necessities, comforts, benefits and satisfactions which are not provided by nature and for which men must work. It is the direct or indirect provider of all incomes, public and private, large and small, whether in commerce and industry, the arts, professions, philanthropies, or government.

"The mainspring that energizes this mechanism is the incentive of profit. In the drive for profit, business creates jobs, absorbs savings, and pays wages, interest, and taxes to support government. When the opportunity for profit is adequate, business activity runs high and these various types of payments are available in large volume. When the opportunity for profit is restricted, whether by excessive or one-sided taxation, by hampering legal regulations, or by maladjustments within the business structure itself, the mainspring is weakened.

"It is inaccurate and misleading to call this basic principle a 'trickle-down theory.' In the first place, it is not a theory but a constantly demonstrated fact. In the second place, the flow of incomes originating in and radiating from business is—when conditions are right—not a trickle but a torrent. In the third place, the flow is not 'down' any more than it is 'up.'

"The crowning irony is that neither the 'trickle-down theory' nor the 'pump-priming theory' is properly applicable to the tax bill against which they have been invoked. The bill was never intended to be an anti-recession device. It was designed to correct manifest defects and inequities in the Federal tax system."

Am. Statistical Assn. To Hold Convention

The American Statistical Association (Business and Economic Section) will hold a convention in Montreal, Canada, Sept. 10-13, 1954. Members of societies affiliated with The National Federation of Financial Analysts Societies, have been invited to attend.

Included in the program is a Stock Market Forecast Luncheon on Saturday, Sept. 11, sponsored jointly by The Montreal Institute of Investment Analysts and The American Statistical Association. Many other interesting discussions and forums are scheduled for the four-day meeting.

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Workingmen-Capitalists of Cuba

the development of wealth in Latin America, and they hope that U. S. and other foreign businessmen will think likewise, as this is the only way to build a strong America capable of beating Communist ideas."

Mr. Aguirre has many strong and close ties with the United States. He used to work in New York City and was a member of the Food and Hotel Workers' Union of New York. He was first a bell-hop, later a waiter. The places where he was employed include the Hotel McAlpin and Childs Restaurants. In Havana, he has worked at the Almendares Hotel and the Havana Yacht Club.

He has been active as a Cuban labor leader since 1926. He served as a member of the Cuban Congress from 1946 to 1950, representing the Province of Havana, and was Minister of Labor in 1947-48.

Francisco Aguirre, who attended Jamaica Public School on Long Island stated: "As a resident of the United States for many years, both as a student at an American public school and as a workingman, I retain a feeling of deep friendship for many friends in the United States. Therefore, it is my personal hope that this hotel will strengthen many existing friendships between Latin America and North America and will help to create many new friendships."

The Cuban Government is aiding the project in many ways. The hotel does not have to pay import taxes on its materials. Also, in accordance with a decree signed by President Batista, there will be no income taxes for 20 years. These are instances of ways in which the Cuban Government is offering encouragement to new industries.

Excavation of the building is schedulued to start by the end of April. A few remaining old houses are now being torn down. According to plans, the Habana-Hilton will be completed and open to the public by November, 1955. The hotel, it was stated, will offer rooms at moderate rates and will be suitable for meetings and conventions.

A typical comment was offered by Rodolfo Gonzalez, a member of the Cooks' Union. Mr. Gonzalez is a *lunchero* (from the English word, "lunch") at the El Dorado on Havana's Prado. He stated: "I'm 100% for it. It will be the best possible attraction for tourists. I hope that many members of the unions of the United States will come and see what the Cuban unions are accomplishing."

Mr. Vicente Feito, bell boy at the Hotel Lincoln, located on Galiano Street (the signs say "Italia," but Havana tradition insists upon the older name, "Galiano," and that is what everybody says) stated: "People from the United States, we Cubans and people from other countries . . . we can all learn something from each other. The Habana-Hilton Hotel will be a good place to meet and talk things over. The Habana-Hilton will also help bosses and working people to understand each others' problems better."

Many cooks, waiters and bartenders throughout Havana express the hope that the Habana-Hilton will be an important contribution to the strengthening of Pan-American relations. They hope that many members of the AFL, the CIO and other unions of the United States, Canada and Latin America will patronize the Habana-Hilton, and that it will be also used, for many meetings and conventions, by the unions themselves, as well as by organizations of every kind. They stress Havana's key position "at the crossroads of the Americas."

The beauty of the hotel's location, in the Lower Vedado section, is practically indescribable. It is at the upper end of an important shopping area known as the Rampa, which runs down to the cliffs, the Malecon and the blue waters of the Gulf of Mexico.

Perhaps the Habana-Hilton will be a meeting-place for financier and union member alike. For here, in the case of this hotel, the financier is workingman, and the workingman is financier.

Harrisburg Steel Corp. Common Stock Offered

Carl M. Loeb, Rhoades & Co., on Aug. 10 headed a syndicate offering 186,683 shares of $2.50 par value common stock of Harrisburg Steel Corp. at $22 per share. The shares offered are being sold on behalf of certain stockholders and none of the proceeds from the sale of the stock will accrue to the company.

Harrisburg Steel Corp. is a pioneer and one of the leading producers of seamless steel cylinders for high pressure gases and also produces steel cylinders for liquefied petroleum gas, steel pipe couplings, flanges and forgings. A wholly-owned subsidiary is engaged in the reclamation of steel scrap from open hearth slag, and is the largest contractor performing such operations for others. The company's other subsidiary manufactures special trackwork for railroads and industrial use, manganese steel castings and gas container tubes for trailer trucks, gas transports and gas cylinders.

Estabrook Adds

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — James W. Tarantino is now associated with New York Hanseatic Corporation, 84 State Street. He was previously with Estabrook & Co.

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Funds Prefer Oils, Rails and Steels

sive positions so far as liquid assets or better grade debt and senior equity issues were concerned. In fact, a few more stock funds decreased their cash positions than during the previous period, but this may have been due to the larger redemptions in the current quarter. While this problem of redemptions is deserving of study by the Investment Company Association, it is interesting to note that it is not necessarily a worry of all funds. For example, the deVegh Mutual, which prides itself on its absence of any sales load, had three months' redemptions of only $5,800 against sales of $727,300.

Switching to Preferreds

In general, there was no increase in emphasis in the common stock section of balanced portfolios over the more stable portion, but certain shifts in the latter were made from better grade corporate bonds to preferreds. This was noticeable in particular in the portfolios of American Business Shares, the Stein Roe and Farnham Fund, Value Line Fund and Boston Fund, the latter selling $3 million in corporates and buying $1 million preferred. One reason for this shift is the comparatively high prices and low yields of good grade debt issues. Another is explained by Arnold Bernhard, President of the Value Line Fund, in his quarterly report. This fund decreased its 21.7% of assets invested on March 31 in high grade bonds and notes to 7.8% on June 30. During the same period high grade preferred investment was upped from 10.4% to 19.9% of the portfolio.

Mr. Bernhard explains: "In taking this defensive posture, the Fund's Managers have in mind the pending change in the tax law which would deny to shareholders of trusts that receive more than 25% of their income from interest, a portion of the relief from double taxation that is promised to shareholders of trusts whose income is over 75% from dividends. That being the case, it is incumbent upon your management to invest the defensive portion of the portfolio in securities that pay dividends and yet come as close as possible to meeting the qualifications of high grade bonds. While the high grade preferred list held in the Fund does not exactly equal the quality of high grade bonds, these preferreds do as a rule offer strong resistance to general price declines in the stock market. Their position is deemed to be especially favorable now because the government, having a large refunding operation on its hands in the second half of this year, is committed to an easy money policy."

An Optimistic Forecast

Commenting on the outlook for the remainder of the year, Francis F. Randolph, Chairman of the Board of Whitehall Fund, National Investors, Broad Street Investing Corp. and Tri-Continental, states: "The first rise in the index of industrial production adjusted for seasonal influences since the recession began last summer, took place in May. Evidence that an upward turning point in business activity has been developing was strengthened during June. Even with this evidence accumulating, the low point in the recession may appear in the third quarter. There seems only a remote possibility, however, that this low point may be greatly under recent levels of activity. Recovery once under way, even though moderate, should persist to the end of the year, at least."

Portfolio Newcomers

Newcomers to portfolios during the quarter, not previously noted, included Aeroquip and American Machine and Metals added by Axe-Houghton "A"; Commonwealth Life Insurance purchased by Eaton and Howard Stock Fund; Duval Sulphur and Potash acquired by Incorporated Investors; Canadian Breweries, Ltd. bought by Lehman Corporation; Western Casualty and Surety added to the portfolio of National Investors; Neptune Meter acquired by National Shares Corp.; and Industrial Brownhoist, Penn-Texas Corp., and Riverside Cement "B" all selected by Value Line Fund.

Of continued interest is transactions in the shares of investment companies by their colleagues. During the period under review Overseas Securities and Knickerbocker Fund eliminated their holdings of United States and Foreign Securities. Fidelity added 18,000 shares to its investment in Tri-Continental common, bringing the total of 140,000 shares to 2½% of total assets. Of special interest, however, was the acquisition of 15,000 Tri-Continental warrants by Dreyfus Fund which accounted for 6½% of that mutual's portfolio.

The premier petroleum issue, Standard Oil of New Jersey, was the favorite in its group during the period under review. In the March quarter it had contended with Socony Vacuum to rank as the third most popular issue. Eight managements acquired a total of 25,300 shares, four making new commitments. Three sales totaled 14,500 shares. Next best liked oils were Ohio and Socony: seven funds purchasing 27,600 shares of the former and 19,000 of the latter. Liquidation of Ohio in two portfolios totaled 12,800 shares and of Socony in three equaled 19,400. Two of these latter represented complete portfolio eliminations. Sinclair was third ranking petroleum issue, six trusts buying 39,400 shares, half making initial purchases. Interestingly enough, this was one of the two top ranking favorites in the group which experienced a complete absence of selling. The other popular oil in which there was no liquidation during the period was Cities Service, five managements acquiring 5,400 shares. The same number of companies bought 11,800 shares of Phillips, two making new commitments. Texas Pacific Coal and Oil was purchased by four trusts, half of these adding the stock for the first time. Additions totaled 112,000 shares. Two funds each acquired Imperial Oil, Ltd., Standard Oil-Indiana, Sunray and Union Oil of California.

Sales predominated in Texas Co. and Louisiana Land Exploration, the latter having been most popular issue in this group during the March quarter. Selling of Texas totaled 13,400 shares but only 2,200 shares of Louisiana Land were sold. Also sold on balance, each by three managements, were Mission Corporation (all representing portfolio eliminations), Richfield Oil, Continental Oil and Seaboard of Delaware. A couple of trusts disposed of holdings in Tidewater. Opinion was evenly divided on Gulf, which had been sold on balance by four funds during the previous period.

Santa Fe Leads Rails

The rail parade was led by Santa Fe, seven investment companies adding a total of 25,900 shares while three others sold 2,300 shares. Santa Fe had also been best-liked in the first three months of the year, sharing this distinction with Great Northern. Three carriers divided honors to rank second in popularity, as five managements purchased a total of 12,300 shares of Seaboard Air Line, 9,900 shares of Southern Pacific and 37,100 shares of Southern. Offsetting were one portfolio elimination of 15,000 shares of Southern Pacific and two decreases in holdings of Southern totaling 1,300 shares. Other carriers to be bought on balance, each by three trusts, were Rock Island, Kansas City Southern, Louisville and Nashville, Nickel Plate, Union Pacific and Western Pacific. A couple of managements also added Alabama Great Southern and Illinois Central, the stock of which was doubled in a split-up. Selling was concentrated on Northern Pacific, a total of 6,500 shares representing three portfolio eliminations and one decrease.

Steels Outstanding

Outstanding purchase, of course, in the steel group, and for that matter among all individual issues during the period under review, was United States Steel. Steels were particularly well bought during the period by Fundamental Investors, Wellington Fund, Axe-Houghton "A," the Common Stock Fund of Group Securities, Bowling Green Fund and Tri-Continental. Fifteen funds purchased a total of 107,900 shares of Big Steel, nine making new commitments. Three sales totaled 23,500 shares. Bethlehem, switching to the second most popular issue from its rank of number one in the March quarter, was added to 11 portfolios and newly listed in another. Purchases totaled 57,550 shares while offsetting sales by three trusts equaled 13,600. Ten managements acquired 72,600 shares of Republic, two making initial commitments. A couple of sales totaled 16,400 shares. Half of the six purchases of Armco represented new portfolio holdings. Acquisitions equaled 68,000 shares, offset in part by two portfolio decreases totaling 9,000 shares. Harbison Walker was liked by three trusts and National Steel by two. Selling on balance was confined to Youngstown Sheet and Tube (possibly indicating how well certain prospective corporate plans are kept out of circulation today), Allegheny Ludum Steel and Colorado Fuel and Iron.

The non-ferrous metals rose to fourth place in popularity from the sixth position occupied during the first quarter of 1954. American Smelting vied with Phelps Dodge as the current favorite, four funds acquiring a total of 16,000 shares of the former and a like number adding 36,700 shares of the latter. Phelps Dodge had

Continued on page 25

Balance Between Cash and Investments of 63 Investment Companies

End of Quarterly Periods March and June, 1954

	Net Cash & Governments Thousands of Dollars —End of—		Net Cash & Governments Per Cent —End of—		Investment Bonds and Preferred Stocks Per Cent * —End of—		Com. Stks. Plus Lower Grade Bonds & Pfds. Per Cent —End of—	
	March	June	March	June	March	June	March	June
Open-End Balanced Funds:								
American Business Shares	8,552	5,117	24.7	15.1	22.5	22.2	52.8	62.7
Axe-Houghton Fund "A"	5,658	4,419	16.1	12.0	34.2	31.4	49.8	56.6
Axe-Houghton "B"	1,188	1,255	3.8	3.7	26.9	25.1	69.3	71.2
¶Boston Fund	334	587	0.3	0.6	33.4	29.7	66.3	69.7
¶Commonwealth Investment	9,969	10,286	13.7	13.6	18.3	18.4	68.0	68.0
Diversified Investment Fund, Inc.	937	332	2.3	0.9	24.6	29.0	73.1	70.1
‡Dreyfus Fund	8	50	0.5	3.2	None	None	99.5	96.8
Eaton & Howard Balanced	8,413	11,040	7.5	9.2	30.3	28.9	62.2	61.9
Fully Administered Fund Group Securities	1,678	2,507	25.8	36.5	9.1	8.5	65.1	55.0
General Investors Trust	164	150	6.9	5.9	14.0	13.7	79.1	80.4
¶Investors Mutual	12,380	17,119	2.2	2.8	34.2	32.3	63.6	64.9
Johnston Mutual Fund	319	289	11.9	10.1	27.3	25.6	60.8	64.3
National Securities—Income	1,444	1,185	3.9	3.0	14.7	14.4	81.4	82.6
Nation Wide Securities	4,534	4,342	22.0	20.3	24.7	25.1	53.3	54.6
George Putnam Fund	3,621	2,906	4.8	3.5	27.1	25.6	68.1	70.9
Scudder, Stevens & Clark	2,077	2,152	4.9	4.9	41.4	38.7	53.7	56.4
Shareholders Trust of Boston	165	275	1.6	2.5	21.7	19.7	76.7	77.8
Stein Roe and Farnham Fund	1,615	1,700	20.2	19.5	28.7	29.9	51.1	50.6
Value Line Fund	334	470	4.6	6.6	32.7	27.7	62.7	65.7
Wellington Fund	39,567	42,932	12.7	12.8	25.7	23.4	61.6	63.8
Whitehall Fund	158	82	3.1	1.5	40.3	43.3	56.6	55.2
Wisconsin Investment Co.	270	491	4.5	7.7	None	None	95.5	92.3
Open-End Stock Funds:								
Affiliated Fund	15,033	9,187	5.7	3.4	None	None	94.3	96.6
§Axe-Houghton Stock Fund	386	103	7.0	1.8	34.8	34.7	58.2	63.5
Bowling Green Fund	53	36	10.5	7.1	13.0	11.7	71.5	81.2
Blue Ridge Mutual Fund	582	475	2.9	2.3	None	None	97.1	97.7
Broad Street Investing	2,875	855	6.7	1.8	7.7	9.1	85.6	89.1
Bullock Fund	3,051	3,301	18.2	18.3	None	0.2	81.8	81.5
Delaware Fund	567	631	3.2	3.2	5.6	4.8	91.2	92.0
de Vegh Mutual Fund	569	807	22.5	23.2	5.9	1.7	71.6	75.1
Dividend Shares	22,148	24,758	16.6	17.4	None	None	83.4	82.6
Eaton & Howard Stock	1,118	1,939	4.7	7.1	0.7	0.8	94.6	92.1
Fidelity Fund	2,993	2,615	2.8	2.2	0.9	0.8	96.3	97.0
Fundamental Investors	3,975	3,997	2.1	2.0	None	None	97.9	98.0
General Capital Corp.	2,749	2,940	18.4	18.7	None	None	81.6	81.3
Group Securities—Common Stock Fund	397	1,822	4.2	16.3	None	None	95.8	83.7
Incorporated Investors	6,962	6,362	4.8	4.1	None	None	95.2	95.9
Institutional Foundation Fund	110	257	3.7	7.5	13.4	12.6	82.9	79.9
Investment Co. of America	3,721	3,535	11.9	10.2	None	None	88.1	89.8
Knickerbocker Fund	6,956	4,770	45.9	31.8	6.0	5.4	48.1	62.8
Loomis-Sayles Mutual Fund	8,179	7,306	23.6	19.9	25.9	24.8	50.5	55.3
Massachusetts Investors Trust	13,220	15,348	2.3	2.4	None	None	97.7	97.6
Massachusetts Investors Growth Stock	1,429	1,284	3.0	2.5	None	None	97.0	97.5
Mutual Investment Fund	489	851	12.9	20.0	26.7	18.3	60.4	61.7
National Investors	352	222	1.0	0.6	None	None	99.0	99.4
National Securities—Stock	3,346	5,168	4.0	5.9	None	None	96.0	94.1
††New England Fund	1,626	1,449	22.3	18.7	11.7	15.2	66.0	66.1
Scudder, Stevens & Clark Common Stock Fund	237	81	4.1	1.2	None	None	95.9	98.8
Selected American Shares	4,961	5,365	16.7	16.7	None	None	83.3	83.3
Sovereign Investors	34	10	3.8	1.1	2.6	2.4	93.6	96.5
State Street Investment Corp.	26,093	24,233	21.9	19.4	0.1	None	78.0	80.6
Wall Street Investing Corp.	839	1,050	21.1	22.7	None	None	78.9	77.3
Closed-End Companies:								
Adams Express	2,545	3,769	4.6	6.5	0.7	0.7	94.7	92.8
American European Securities	154	357	1.2	2.8	10.9	9.1	87.9	88.1
American International	336	518	1.4	2.0	1.2	1.1	97.4	96.9
General American Investors	7,860	8,676	15.3	16.5	None	None	84.7	83.5
General Public Service	1,051	1,014	6.4	6.0	None	None	93.6	94.0
Lehman Corporation	11,823	4,806	7.5	3.0	2.8	3.3	89.7	93.7
National Shares Corp.	2,151	2,499	15.9	17.5	1.6	None	82.5	82.5
Overseas Securities	40	25	2.3	1.3	None	None	97.7	98.7
Tri-Continental Corp.	1,029	1,020	0.5	0.5	14.7	13.3	84.8	86.2
†U. S. & Foreign Securities	6,946	1,734	11.4	3.1	None	None	88.6	96.9
U. S. & International Securities	6,539	6,736	9.9	9.8	None	None	90.1	90.2

*Investment bonds and preferred stocks: Moody's Aaa through Ba for bonds; Fitch's AAA through BB and approximate equivalents for preferreds. †Portfolio exclusive of securities in subsidiary or associated company. ‡Name changed from Nesbett Fund. §Name changed from Republic Investors. ¶March figures corrected. ††Considered fully flexible fund.

SUMMARY

Changes in Cash Position of 63 Investment Companies

	Plus	Minus	Unchanged	Total
Open-End Companies:				
Balanced Funds	9	8	5	22
Stock Funds	14	14	2	30
Closed-End Companies	5	3	3	11
Totals	28	25	10	63

Changes in Common Stock Holdings of 46 Investment Management Groups

(March 31 — June 30, 1954)

Transactions in which buyers exceed sellers — or sellers exceed buyers — by two or more management groups. Issues which more managements sold than bought are in italics. Numerals in parentheses indicate number of managements making entirely new purchases or completely eliminating the stock from their portfolios.

—Bought— No. of Trusts	No. of Shares		—Sold— No. of Shares	No. of Trusts
		Agricultural Equipment		
9(2)	48,800	Deere and Co.	6,300	1(1)
8(2)	29,100	International Harvester	5,000	1
		Auto and Auto Parts		
5	7,100	Bendix Aviation	3,170	3(1)
3	7,900	Clark Equipment	None	None
8	35,600	General Motors	1,000	1
3(1)	1,800	Thompson Products	None	None
2(2)	*1,500*	*Chrysler*	*20,500*	*4(3)*
2	*9,500*	*Libbey-Owens-Ford Glass*	*7,000*	*4(3)*
None	*None*	*Studebaker*	*92,700*	*4(3)*
None	*None*	*Timken Roller Bearing*	*2,500*	*2*
		Aviation		
None	*None*	*Boeing Airplane* [1]	*27,850 new 2,000 old*	*8 1*
None	*None*	*Douglas Aircraft* [1]	*15,900 new*	*4*
None	*None*	*Grumman Aircraft*	*8,000*	*3(1)*
5(2)	*21,000*	*United Aircraft*	*60,300*	*7(2)*
		Beverages		
None	*None*	*Distillers Corp.-Seagrams*	*6,000*	*3(1)*
1	*300*	*National Distillers*	*11,500*	*3(2)*
		Building Construction & Equipt.		
6(5)	32,700	American Radiator	8,500	3(1)
6(2)	24,200	Carrier Corp.	5,000	1
4	3,400	United States Gypsum	1,200	1(1)
3(3)	11,000	York Corp.	None	None
None	*None*	*Minneapolis- Honeywell*	*1,700*	*3*
None	*None*	*National Lead*	*8,900*	*3*
None	*None*	*Pabco Products*	*5,500*	*2*
None	*None*	*Ruberoid* [1]	*3,000 new 625 old*	*1(1) 2(2)*
None	*None*	*Tecumseh Products*	*425*	*2*
1	*400*	*United States Plywood*	*4,275*	*3(2)*
		Chemicals		
2(1)	5,800	Blockson Chemical	None	None
2	1,300	Hooker Electrochemical	None	None
6(2)	10,000	Union Carbide	300	1
None	*None*	*Commercial Solvents*	*34,200*	*2(1)*
None	*None*	*Eastman Kodak*	*12,300*	*3(1)*
None	*None*	*Koppers Co.*	*3,300*	*3(1)*
1	*1,000*	*Mathieson Chemical*	*12,900*	*4*
		Containers and Glass		
5	11,200	Continental Can	35,300	3(1)
2	3,000	Owens Corning Fibreglas	None	None
1	*500*	*American Can*	*24,200*	*3(1)*
None	*None*	*Emhart Mfg.*	*6,000*	*2(1)*
		Drug Products		
3	2,200	Smith, Kline and French	None	None
2	1,100	Sterling Drug	None	None
		Electrical Equipment		
5	10,600	Motorola	8,800	3(1)
4(1)	19,060	Philco	9,625	2(2)
2	4,000	Raytheon Mfg.	None	None
2	6,000	Stromberg-Carlson	None	None
6(2)	13,400	Sylvania Electric Products	7,000	1(1)
7(3)	23,600	Westinghouse Electric	5,200	3(1)
None	*None*	*General Electric* [2]	*122,900 new 1,000 old*	*11 1(1)*
2(2)	*15,800*	*McGraw Electric*	*20,700*	*4(2)*
None	*None*	*Square "D"*	*5,000*	*2*
		Financial, Banking & Insurance		
3	52,168	Bank of Manhattan Co.	None	None
2(1)	4,500	Beneficial Loan Corp.	None	None
2(1)	3,350	Boston Insurance Co.	None	None
7(5)	18,900	C. I. T. Financial	9,500	2(1)
2	2,700	Fidelity-Phenix Fire Insurance	None	None
4(1)	2,300	Lincoln National Life	200	1(1)
2	12,300	Manufacturers Trust	None	None
4(2)	16,725	Traders Finance "A"	None	None
1 (old)	*1,500*	*General Reinsurance Corp.* [4]	*2,300 new*	*3(1)*
None	*None*	*U. S. and Foreign Securities*	*2,500*	*2(2)*
		Food Products		
2	2,900	Mead Johnson and Co.	None	None
2(1)	3,900	Swift and Co.	None	None
1	*13,000*	*General Foods*	*5,200*	*4(2)*
4	*20,500*	*United Fruit*	*32,500*	*7(2)*
		Machinery & Industrial Equipt.		
8(4)	12,100	Allis Chalmers	800	3
4(2)	1,900	Babcock and Wilcox	1,590	1(1)
2(1)	12,100	Dresser Industries	None	None
4(3)	10,800	United Shoe Machinery	None	None
		Metals and Mining		
3(3)	2,600	Aluminium, Ltd.	500	1
4(1)	16,000	American Smelting and Refining	2,000	1
3(1)	4,500	Anaconda Copper	None	None
2	3,500	Homestake Mining	None	None
3(1)	5,128	Magma Copper	1,200	1
4(1)	36,700	Phelps Dodge	3,000	2(1)
2(1)	6,500	Reynolds Metals [5]	None	None
None	*None*	*Aluminum Co. of America*	*20,900*	*4*
1	*500*	*International Nickel*	*2,400*	*3(3)*
		Office Equipment		
None	*None*	*National Cash Register*	*12,900*	*3*
None	*None*	*Underwood Corp.*	*9,100*	*3(2)*
		Paper, Pulp and Printing		
3(1)	2,500	Crown Zellerbach	None	None
3(2)	4,000	Robert Gair	None	None
6(2)	8,100	Lily Tulip Cup	None	None
2	899	Mead Corporation	None	None
3(1)	18,400	St. Lawrence Corp.	None	None
2(2)	3,400	St. Regis Paper	None	None
4(2)	16,400	Union Bag and Paper	900	2
1	*250*	*Container Corp.* [6]	*7,025*	*3(2)*
1(1)	*15,000*	*Marathon Corp.*	*24,000*	*3(2)*
		Petroleum		
5(1)	5,400	Cities Service	None	None
2(2)	38,000	Imperial Oil, Ltd.	None	None
7(1)	27,600	Ohio Oil	12,800	2
5(2)	11,800	Phillips Petroleum	400	1
6(3)	39,400	Sinclair Oil Corp.	None	None
7(1)	19,000	Socony Vacuum	19,400	3(2)
2	3,500	Standard Oil—Indiana	None	None
8(4)	25,300	Standard Oil of New Jersey	14,500	3(1)
2(1)	20,000	Sunray Oil	None	None
4(2)	112,000	Texas Pacific Coal and Oil	None	None
2(1)	54,000	Union Oil of California	None	None
1	*500*	*Continental Oil*	*10,300*	*3*
1	*500*	*Louisiana Land and Exploration*	*2,200*	*4(1)*
1	*2,000*	*Mission Corp.*	*53,300*	*3(3)*
1	*3,300*	*Richfield Oil*	*16,600*	*3*
1(1)	*2,600*	*Seaboard Oil of Delaware*	*3,600*	*3*
None	*None*	*Texas Co.*	*13,400*	*4(2)*
None	*None*	*Tide Water Associated Oil*	*4,000*	*2(2)*
		Natural Gas		
4(2)	30,000	Chicago Corp.	19,600	1
3(1)	9,700	Colorado Interstate Gas	None	None
3	42,300	Lone Star Gas	50,000	1(1)
3(2)	9,700	Mississippi River Fuel	None	None
6(6)	2,800	Northern Illinois Gas Co. [7]	None	None
9(2)	62,562	Northern Natural Gas [8]	29,000	3(3)
7(1)	52,400	Panhandle Eastern Pipe Line	84,250	5(2)
3(1)	12,000	Tennessee Gas Transmission	None	None
None	*None*	*American Natural Gas*	*6,300*	*2(1)*
None	*None*	*Southern Natural Gas*	*22,000*	*2(1)*
5(1)	*19,950*	*United Gas Corp.* [9]	*76,912*	*6(3)*
None	*None*	*Western Natural Gas*	*11,110*	*2(1)*
		Public Utilities		
4	29,000	American Tel. and Tel.	600	1(1)
4(2)	17,300	Central Illinois Public Service	1,200	1(1)
2	200	Columbus & Southern Ohio Elec.	None	None
4	26,000	Commonwealth Edison	1,500	1
12(1)	38,348	General Public Utilities [10]	800	1
2	4,000	Kansas Gas and Electric	None	None
3(1)	11,800	New York State Electric & Gas	4,600	1
4(1)	10,570	Pennsylvania Power & Light [8]	None	None
2(1)	51,300	Philadelphia Electric	None	None
5(5)	43,700	Puget Sound Power & Light	None	None
4	33,600	Southern California Edison	21,000	2(1)
3(1)	6,600	Southern Indiana Gas & Electric	None	None
4	34,500	Texas Utilities	23,600	2
5	20,447	Wisconsin Electric Power [11]	3,600	1
None	*None*	*Atlantic City Electric*	*9,100*	*2(1)*
None	*None*	*Carolina Power & Light* [1]	*16,800 new 1,000 old*	*1 1*
2	*7,600*	*Central and Southwest Corp.*	*18,000*	*4(2)*
None	*None*	*General Telephone* [11]	*3,950*	*3(1)*
None	*None*	*Idaho Power*	*2,900*	*2(1)*
None	*None*	*Iowa-Illinois Gas & Electric*	*30,400*	*2(2)*
None	*None*	*Kentucky Utilities*	*11,500*	*2(2)*
None	*None*	*New England Tel. & Tel.*	*8,900*	*2(2)*
2	*5,600*	*Pacific Gas and Electric*	*22,500*	*4(2)*
None	*None*	*Public Service of Indiana*	*6,500*	*2(1)*
None	*None*	*Public Service of New Hampshire* [1]	*18,000 old*	*2(2)*
1	*28,000*	*Southern Company*	*43,000*	*3(1)*
1(1)	*10,000*	*Virginia Electric & Power*	*20,300*	*3*
		Radio and Amusement		
4(2)	15,700	Paramount Pictures Corp.	None	None
		Railroads		
2	650	Alabama Great Southern	None	None
7	25,900	Atchison, Topeka & Santa Fe	2,300	3(1)
3(1)	24,900	Chicago, Rock Island & Pacific	500	1
2(1)	6,000	Denver & Rio Grande Western	None	None
2 (new)	8,400	Illinois Central [1]	None	None
3(1)	6,400	Kansas City Southern	None	None
3	15,900	Louisville and Nashville	None	None
3	8,400	N. Y., Chicago and St. Louis	4,200	1
5(2)	12,300	Seaboard Air Line	None	None
5(3)	9,900	Southern Pacific	15,000	1(1)
5(2)	37,100	Southern Railway	1,300	2(1)
3	6,600	Union Pacific	100	1(1)
3(1)	25,500	Western Pacific	45,000	1(1)
1	*1,000*	*Northern Pacific*	*6,500*	*4(3)*
		Railroad Equipment		
None	*None*	*American Brake Shoe*	*14,500*	*3(2)*

—Bought—			—Sold—	
No. of Trusts	No. of Shares		No. of Shares	No. of Trusts
		Retail Trade		
4	6,000	Allied Stores	6,500	2(1)
4	18,500	Associated Dry Goods	None	None
2(1)	3,100	J. J. Newberry	None	None
2(1)	17,150	Simpsons, Ltd.	None	None
None	*None*	*Food Fair Stores*	*2,455*	*2(1)*
1	*1,255*	*Grand Union*[5]	*8,370*	*3*
None	*None*	*H. L. Green*	*11,000*	*2(2)*
2	*8,500*	*Montgomery Ward*	*44,300*	*6(3)*
None	*None*	*Western Auto Supply*	*4,400*	*2(2)*
		Rubber and Tires		
4(3)	20,000	United States Rubber	2,000	1(1)
None	*None*	*General Tire and Rubber*	*13,500*	*2(2)*
2	*7,000*	*Goodrich*	*10,800*	*5(1)*
		Steels		
6(3)	68,000	Armco Steel	9,000	2
12(1)	57,550	Betalehem Steel	13,600	3(1)
3(2)	8,370	Harbison Walker Refractories	None	None
2	4,000	National Steel	None	None
10(2)	72,600	Republic Steel	16,400	2(1)
15(9)	107,900	United States Steel	23,500	3(1)
None	*None*	*Allegheny Ludlum*	*11,380*	*2(1)*
None	*None*	*Colorado Fuel and Iron*	*4,917½*	*2(1)*
1(1)	*1,500*	*Youngstown Sheet and Tube*	*3,000*	*3(2)*
		Textiles		
2(1)	4,000	Cluett Peabody	None	None
6(2)	13,950	Industrial Rayon	900	1(1)
None	*None*	*Burlington Mills*	*20,500*	*4(4)*
2	*6,000*	*J. P. Stevens and Co.*	*34,500*	*4(3)*
		Tobaccos		
3(2)	*3,700*	*American Tobacco*	*50,800*	*7(6)*
None	*None*	*Liggett and Myers*	*16,800*	*4(3)*
1	*1,500*	*Philip Morris*	*22,000*	*5(4)*
2(1)	*8,000*	*Reynolds Tobacco "B"*	*107,800*	*9(8)*
		Miscellaneous		
None	*None*	*Greyhound Corp.*	*2,900*	*2(1)*
None	*None*	*Minnesota Mining and Mfg.*	*14,000*	*3*

—FOOTNOTES—

1 Excluding stock additions from 2 for 1 split-up.
2 Excluding shares added in 3 for 1 split-up.
4 Excluding additional shares resulting from 20% stock dividend.
5 Excluding stock additions from 5% share distribution.
6 Excluding shares added as a result of 25% dividend.
7 Distribution from Commonwealth Edison.
8 Part purchased through rights.
9 450 shares represent distribution from Electric Bond and Share.
10 28,707 shares purchased with rights. Basis: 1 for 15.
11 Excludes additions resulting from 50% stock dividend.
12 All stock acquired through rights. Basis: 1 for 10.

NOTE—This survey covers 63 investment companies, but purchases or sales of funds sponsored by the same management are treated as a unit. For example, the three companies sponsored by Calvin Bullock are considered as having the weight of one manager. Individual portfolio changes in the Loomis-Sayles Mutual Fund are not surveyed.

—SUMMARY—

Excess of Net Portfolio Purchases or Sales of 63 Investment Companies

	Bought	Sold	Matched	Total
Open-End Companies:				
Balanced Funds	6	6	10	22
Stock Funds	16	3	11	30
Closed-End Companies	1	5	5	11
Totals	23	14	26	63

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Funds Prefer Oils, Rails and Steels

been number one issue in the group during the previous period. Liked also by three managements was Aluminium, Ltd., three funds making new commitments totaling 2,600 shares with one block of 500 sold. Anaconda and Magma were also each bought on balance by three trusts while Homestake was acquired by two investment companies. Opinion continued divided on Kennecott, four managements selling and a like number making purchases. Aluminum of America was sold on balance by four funds as during the March quarter and three trusts completely eliminated a total of 2,400 shares of International Nickel.

Natural Gas Bought on Balance

Volume of purchases and sales in the natural gas group about paralleled that of the previous period although the gap between purchases and sales had closed up slightly. Panhandle Eastern Pipe Line, on which managements had been neutral earlier in the year, currently was the most popular issue among gas utilities, seven companies acquiring a total of 52,400 shares, one making an initial purchase. Five offsetting sales totaled 84,250 shares, and two of these represented portfolio eliminations. Chicago Corporation was also well-liked, two new commitments and two portfolio additions equaling 30,000 shares. Another trust disposed of 19,600 shares. Three purchases each were made of Colorado Interstate Gas, Lone Star Gas, Mississippi River Fuel and Tennessee Gas Transmission. There were nine additions of Northern Natural Gas totaling 62,562 shares, but a portion of these was stimulated by a rights offering. Three complete portfolio eliminations equaled 29,000 shares. Six funds added Northern Illinois Gas through a spin-off from Commonwealth Edison. Selling on balance was largely scattered, but 76,912 shares of United Gas were cleaned out of three holdings and lightened in three others. Also sold by two funds each were American Natural Gas, Southern Natural Gas and Western Natural Gas.

Profit-Taking in GE

Although profit taking was pronounced in General Electric and McGraw Electric, which was to be expected after their substantial market rises, electric equipment, electronic and radio shares in general were bought on balance during the period. Eleven managers disposed of 122,900 shares of the newly split GE stock and a twelfth eliminated a block of the one thousand old shares from holdings. No stock was bought by the funds surveyed during the period, which was contrary to the experience with McGraw. In this latter issue, although four sales were made totaling 20,700 shares, presumably also representing profit taking, two new commitments equaling 15,800 shares were recorded during the period. The popular issue in the group, however, was Westinghouse, seven trusts acquiring 23,600 shares, three of which made initial portfolio purchases, partially offsetting sales by three funds totaling 5,200 shares. Three months previously five companies had sold Westinghouse on balance. Sylvania was the next favored in the electric group, six trusts buying 13,400 shares. A seventh fund eliminated a 7,000 share block. Motorola, number one in rank during the first three months of the year, was currently liked by five funds, purchases equaling 10,600 shares. Also bought on balance were 19,060 shares of Philco by four managements, 4,000 shares of Raytheon by two and 6,000 shares of Stromberg-Carlson also by two trusts.

Allis Chalmers was the most popular issue in the industrial equipment and machinery group during the period as eight managements acquired a total of 12,100 shares, half of whom newly committed this stock to their holdings. In the March quarter, Allis Chalmers had been the only company in this group upon which sellers had concentrated. United Shoe Machinery and Babcock and Wilcox were also liked during the period under review, four funds acquiring 1,900 shares of the former and 10,800 of the latter. Three of the United Shoe purchases represented new commitments. Dresser was also bought on balance by two trusts. Sales were scattered, without concentration on any individual issue.

Renewed Popularity in Paper and Pulp

Representing a distinct change in attitude from the first quarter of the year when opinion was apparently divided, purchases of paper and pulp issues currently almost doubled sales. Lily Tulip Cup was liked by six funds, acquisitions equaling 8,100 shares with no offsetting sales. Next in popularity was Union Bag and Paper, four companies adding 16,400 shares, half making new commitments. 900 shares were lightened in two lists. Crown Zellerbach, favorite in the March quarter, was acquired by three managements as were Robert Gair and St. Lawrence Paper. A couple of trusts each liked Mead Corp. and St. Regis Paper. Container Corp. was eliminated from two portfolios and lightened in a third. The same treatment was accorded Marathon Corp. with sales totaling 24,000 shares, contrasted with Container's 7,025.

The picture in the auto and auto parts division was quite similar to that in the first three months of the year. General Motors was bought on balance by eight managements, acquisitions equaling 35,600 shares. On the other hand, Chrysler and Studebaker were each eliminated from three portfolios and lightened in a fourth. Sales of the former totaled 20,500 shares; of the latter 92,700. While there was no Studebaker stock bought, partially offsetting the Chrysler liquidation were two new acquisitions of the latter issue amounting to 1,500 shares. Bendix was liked by five trusts, purchases totaling 7,100 shares offset in part by three sales of 3,170 shares. Also bought on balance among the equipment issues were Thompson Products, by three companies, and Clark Equipment by two. Libbey-Owens-Ford was sold on balance by four trusts and Timken Roller Bearing by two.

Broad Buying of Insurance Stocks

As usual, purchases of the insurance stocks were fairly well scattered. Lincoln National Life, however, was acquired by four funds, acquisitions totaling 2,300 shares. A couple of managements also liked Boston Insurance and Fidelity-Phenix Fire. General Reinsurance was sold on balance by three trusts, some of which represented the new stock received as a 20% dividend. Interest in

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Funds Prefer Oils, Rails and Steels

financing shares was well pronounced. C. I. T. Financial was easily the favorite with five new commitments and two additions equaling 18,900 shares. Two sales totaled 9,500 shares. Traders Finance "A" also continued its popularity of the previous quarter, four funds acquiring 16,275 shares, half making initial purchases. One new commitment and another portfolio addition were also made in shares of the Beneficial Loan Corp. Opinion was divided on Commercial Credit as during the earlier part of the year. Similar to the pattern in insurance stocks, bank stock purchases were scattered. Bank of Manhattan shares were bought by three trusts and two funds added a total of 12,300 shares of Manufacturers Trust.

Drug Products were bought with less enthusiasm than earlier in the year and there was little concentrated purchasing in evidence. Three managements bought Smith, Kline and French and two acquired stock in Sterling Drug. Opinion was at odds on Pfizer, five purchases of 23,800 shares almost offsetting six sales of 27,200, four of the latter representing complete eliminations from portfolios. Opinion also was divided on Merck.

Buyers about matched sellers in the Chemical issues also as they had in the first three months of the year. Union Carbide was the best liked stock in the group, two new commitments and four additions to existing holdings equaling 10,000 shares. One small block of 300 shares was sold. Blockson Chemical was also bought by two trusts, one making an initial purchase, and Hooker Electrochemical was added by a like number of companies. Mathieson, number one purchase in the March period, was sold on balance by four funds. Also lightened by three management were Eastman Kodak, Koppers and Air Reduction. A total of 34,200 shares of Commercial Solvents was decreased in one portfolio and cleaned out of another.

Textile issues were bought on light balance, the experience of the March period. Six trusts purchased 13,950 shares of Industrial Rayon, two making new commitments. One block of 900 shares was sold. Also purchased on balance by a couple of funds was Cluett Peabody. Burlington Mills was eliminated by four managements, sales totaling 20,500 shares, while a total of 34,500 shares of J. P. Stevens was cleaned out of three portfolios and lightened in another. Two leading agricultural equipment companies were bought in substantial amounts as earlier in the year. Nine trusts purchased a total of 48,800 shares of Deere and eight acquired 29,100 shares of Harvester.

Profit taking appeared in most of the major aviation manufacturers. Eight funds sold 27,850 shares of the split Boeing issue and a ninth eliminated a 2,000 share block of the old stock. United Aircraft was lightened in five portfolios and cleaned out of two others, but there were also five offsetting purchases. Six managements disposed of 18,050 shares of Lockheed and there were four sales of the new Douglas split stock. Grumman was eliminated from one portfolio and decreased in two others. However, three purchases balanced a like number of sales of North American Aviation. Opinion was definitely divided on the major transport companies. A good example, illustrating diversity of experienced judgment among fund managements, was current action in Eastern Airlines and American. While Scudder Stevens and Clark made brand new commitments in these two major carriers, Selected American Shares eliminated both of them from its porfolio.

The slight preponderance in selling of the merchandising issues was featured by the liquidation of 44,300 shares of Montgomery Ward by six managements, half of which eliminated the mail order firm from their holdings. It is interesting to observe that one offsetting purchase of 8,000 shares resulted in doubling the holdings of a fund that had only a short time ago been rather unusually outspoken in its criticism of top Ward management. Three trusts also sold Grand Union on balance, while there were two sales each of Food Fair, H. L. Green and Western Auto Supply. Allied Stores and Associated Dry Goods were each favored on balance by four investment companies, purchases equaling 6,000 shares and 18,500 shares respectively. Also liked by a couple of funds each were J. J. Newberry and Simpson's, Ltd.

Sales of tobacco shares doubled, as mentioned briefly earlier in this article, with Reynolds "B" sharing dubious honors as least popular in the group. Eight trusts cleaned this one-time favorite out of their portfolios while a ninth management lightened its holdings. Sales totaled 107,800. American Tobacco was a close runner-up, six funds eliminating this issue while a seventh decreased its investment to the extent of 50,800 shares. Philip Morris was disposed of by five investment companies and Liggett and Myers by four. Opinion was almost divided on Lorillard, four portfolio eliminations offset by three purchases. The only concentrated activity in the liquor stocks was represented by three sales each of Distillers Corporation-Seagrams and National Distillers.

With air conditioning specialties (which were featured by six acquisitions of Carrier and three new commitments in York) grouped separately, opinion was evenly divided on the building issues. American Radiator was the feature with five initial portfolio purchases and one addition totaling 32,700 shares. Three offsetting sales equaled 8,500 shares. Also well liked, as in the March quarter, United States Gypsum interested four purchasers. A 1,100 share block was eliminated from a fifth portfolio. Sales on balance of National Lead, Minneapolis Honeywell, Ruberoid and United States Plywood were made by three trusts. A couple of managements also disposed of Pabco Products.

Management opinion, divided on food stocks, gave some thought to political and social disturbances in Central America, and reversed itself to some extent on United Fruit. For over a year the favorite in the group, a total of 32,500 shares was lightened in five portfolios and eliminated from two others. Partially offsetting were four additions equaling 20,500 shares. General Foods was also sold on balance, four managements disposing of 5,200 shares, half of whom cleaned out the issue from holdings. One purchase amounted to 13,000 shares. Two funds each bought Swift and Mead Johnson.

Utility Transactions Mixed

Buying in utilities evenly balanced sales, as purchases fell off almost 20% from the March to June quarters. Puget Sound Power and Light was the new found favorite, five initial commitments totaling 43,700 shares. Five power and light issues contended for number two ranking in this group, each finding favor with four managements. These were American Telephone and Telegraph, Central Illinois Public Service, Commonwealth Edison, Southern California Edison and Texas Utilities. Three trusts each bought New York State Electric and Gas and Southern Indiana Gas and Electric, while two purchases were made of Columbus and Southern Ohio Electric, Kansas Gas and Electric and Philadelphia Electric. Twelve additions of General Public Utilities, five of Wisconsin Electric Power and four of Pennsylvania Power and Light were stimulated in part through the distribution of rights.

Sales in the utility group predominated in Central and Southwest Corporation and Pacific Gas and Electric, each of which was sold by four managements. Three investment companies also disposed of General Telephone, the Southern Company and Virginia Electric and Power.

Continental Can was purchased on balance by five trusts, but American Can was sold by three. Selling in the rubber division was featured by five sales on balance of Goodrich and two of General Tire. United States Rubber, however, was purchased by four investment companies during the June quarter, three making initial portfolio commitments. Buying in the amusement group was concentrated in Paramount Theatres Corp., four acquisitions totaling 15,700 shares.

Three With A. G. Edwards

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo.—Lawrence E. Frankenbach, Bluford W. Jackson and Rolland J. Meade have joined the staff of A. G. Edwards & Sons, 409 North Eighth Street, members of the New York and Midwest Stock Exchanges.

Four With R. Newman

(Special to THE FINANCIAL CHRONICLE)

NEW ORLEANS, La. — George Maher, Pierre A. Moore, A. G. Rossi and W. R. Newman have become associated with Randolph Newman & Co., Marine Building, members of the New Orleans Stock Exchange.

Forms Frontier Investment

SALT LAKE CITY, Utah—Buell G. Bryan has formed Frontier Investments, Inc., 2011 South 11th East to engage in a securities business.

Continuance of Bldg. Boom Forecast by U.S. Chamber of Commerce

Finds construction needs basis for continued prosperity.

According to the Chamber of Commerce of the United States, the national building boom will continue at least through 1954.

Building contracts awarded during the first six months of the year were at a record volume, the rate being 17% above that of the same period last year when an all-time high was recorded, the Chamber said. Since awards precede construction, the Chamber pointed out, the boom will last through the months ahead.

Actual expenditures for new construction during the first half of the year reached a total of nearly $17 billion, slightly above last year's record figure for the same period, the Chamber said.

Behind this phenomenal demand for new construction, is the continuing need for new homes, new schools and colleges, hospitals, churches and public works as well as commercial construction.

The strength of the building boom, the Chamber stressed, is among our best reasons for belief that our economy will continue prosperous. For new homes, factories, schools and other construction mean more markets for home and office furnishings, plant machinery and a host of other products—all adding up to steady increases in new jobs.

Lakefront Dock & RR. Terminal Bds. Offered

Halsey, Stuart & Co. Inc. and associates on Aug. 6 offered $3,650,000 of Lakefront Dock & Railroad Terminal Co. first mortgage sinking fund bonds, series B, 3¾%, dated Aug. 1, 1954 and due Aug. 1, 1974, at 100.70%, to yield 3.70%. The group won award of the issue on Aug. 5 on a bid of 99.46%. Issuance and sale of the bonds is subject to authorization of the Interstate Commerce Commission.

The series B bonds will be subject to redemption at optional redemption prices ranging from 104½% to par, and for the sinking fund at prices receding from 100¾% to par, plus accrued interest in each case.

Net proceeds from the financing will be used to repay to the New York Central RR. Co. and the Baltimore & Ohio RR. Co., the joint owners of the company, a like amount of advances to the company for capital expenditures, which, as of May 31, 1954, aggregated $3,872,325. Additional advances aggregating $350,000 have been made for working capital.

The company is a joint undertaking of The New York Central RR. Co. and The Baltimore & Ohio RR. Co. It provides deep water lake front facilities for the economic and expeditious interchange between railroad cars and vessels operating on the Great Lakes of bulk freight, chiefly iron ore and coal, routed through the Toledo gateway.

Associated with Halsey, Stuart in the offering are Dick & Merle-Smith and Stroud & Co., Inc.

Two With Reynolds

(Special to THE FINANCIAL CHRONICLE)

DURHAM, N. C. — Michael G. Jennings and Frances B. Wood have become affiliated with Reynolds & Co., 108 Corcoran Street.

Two With Carolina Secs.

RALEIGH, N. C. — Curtis D. Baysinger and Charles R. Reynolds are with Carolina Securities Corporation, Insurance Building.

Public Utility Securities

By OWEN ELY

Southern Company

Southern Company is the largest utility organization in the south, with annual revenues of about $180 million. Growth has been substantial—revenues have about doubled in the postwar period. Representing the southern segment of the old Commonwealth & Southern System, Southern Company is an integrated holding company controlling four important operating companies—Georgia Power, Alabama Power, Mississippi Power and Gulf Power (the latter serves an area in northwestern Florida).

The System is completely interconnected, operates as a unit with respect to power production and distribution, and supplies electricity to a population exceeding 6.3 million. The principal industries in the area served includes steel, paper, coal, chemicals, glass products, lumber, metal, machinery and food processing. Agriculture, which in former years was heavily concentrated in cotton, is now better diversified including corn, fruit, livestock and tungnuts (the oil of which is used in paint and lacquers).

System revenues are about 34% residential, 26% commercial, 31% industrial and 9% miscellaneous. With low residential rates dating from the days when Wendell Willkie dominated Commonwealth, revenues per residential kwh. are only about 2.20c compared with the national average of 2.74c. Correspondingly, the average annual residential use of electricity is high at 2,672 kwh.

System generating capacity now exceeds 2.8 million kw., of which hydro is less than one-third. Total capacity will be increased to 3.3 million by 1956, according to the present schedule, with nearly half of this amount representing construction since January, 1951.

Southern Company's common stock record has been as follows:

Year Ended Dec. 31—	Earnings	Dividends	Price Range
1954	*	$0.80	19 - 15⅞
1953	$1.23	0.80	16¼ - 13⅝
1952	1.18	0.80	16⅞ - 12¾
1951	1.04	0.80	12⅞ - 10⅞
1950	1.07	0.80	13¾ - 10¼
1949	1.28	0.70	12 - 10¼
1948	0.91	---	-- --
1947	1.13	---	-- --

*For the 12 months ended June 30, 1954, earnings were $1.22.

While earnings have increased moderately in the past two years, they have failed to top the $1.28 earned in 1949 (which, however, included some non-recurring profits). The Georgia and Alabama subsidiaries have been plagued by recurring droughts and this is the situation currently—although the substantial increase in steam capacity has reduced the effect on share earnings to a few cents per share. Further capacity to be constructed in the next few years includes both large steam and hydro projects; Alabama Power recently obtained permission to proceed with the development of a large hydro project on the Coosa River.

Share earnings in the past have been frequently diluted by new issues of common stock. This year, however, Southern does not plan to do any equity financing so that this burden on earnings swill be avoided. For the 12 months ended June 30 share earnings were $1.22 compared with $1.16 in the previous period, but the month of June made a rather poor showing with net income down about 7%. No estimate is available for the calendar year but it will presumably be in the range of $1.20 to $1.25.

Over the next year or so there should be several favorable developments. Georgia Power, which has a very large issue of preferred stock outstanding, is negotiating a refunding issue and if this is successfully accomplished dividend savings might approximate 3 cents a share on Southern Company stock. It is also expected that the company will apply for a rate increase in order to restore earnings to around a 6% return on the rate base. No details of this proposed application have yet been revealed, but Josephthal & Co. in their recent bulletin on Southern Company estimated that the consolidated share earnings of Southern might be increased about 15 cents if the application should be granted.

Another gain in earnings will be obtained automatically when the new tax law goes into effect. The tax rate for regulated utility holding companies is being reduced from 54% to 52% and the gain in taxable earnings would mean about 5 cents a share for Southern Company on a consolidated earnings basis.

Assuming that these various estimates work out, "future normal" earning power (with median hydro conditions) might be estimated at around $1.40-$1.50, depending somewhat on the degree of dilution from future equity financing.

Dividend payout is now only about two-thirds and it is conjectured that some increase in the 80c dividend rate may be forthcoming within a year or so, particularly if the rate increase application works out successfully. Other major holding companies in the south—middle South, Central & Southwest and Texas utilities—have increased their dividend rates several times in recent years.

D. A. Shillinglaw Opens

CHATTANOOGA, Tenn.—Donald A. Shillinglaw is engaging in an investment business from offices in the James Building under the firm name of Shillinglaw & Co.

A. B. Smith Opens

SALT LAKE CITY, Utah—Austin B. Smith has formed Austin B. Smith Brokerage Company, with offices in the Atlas Building, to conduct a securities business.

S. L. Wendelboe Opens

SALT LAKE CITY, Utah—Stratford L. Wendelboe is engaging in a securities business from offices in the Phillips Petroleum Building under the firm name of Stratford L. Wendelboe & Co.

Western Empire Brokerage

SALT LAKE CITY, Utah—Western Empire Brokerage Company, Inc., has been formed with offices in the Newhouse Building to engage in a securities business. Hugh Tuttle is a principal of the firm.

Halsey, Stuart Group Offers Pacific Power & Light Co. Bonds

Halsey, Stuart & Co. Inc. on Aug. 10 headed a syndicate offering $30,000,000 Pacific Power & Light Co., first mortgage bonds, 3½% series due Aug. 1, 1984, at 102.824% and accrued interest, to yield 3.35%. Award of the issue was won by the group at competitive sale on Aug. 9 on a bid of 102.1299%.

Net proceeds from the financing will be used for the redemption of all of the outstanding first mortgage bonds of the former Mountain States Power Co., which was merged into Pacific Power & Light Co. on May 21, 1954. The redemption of the bonds will require, exclusive of accrued interest, $24,934,542. The balance of the proceeds from the new financing will be applied toward the cost of the company's 1954 and 1955 construction program.

The August, 1984 series bonds will be subject to redemption at general redemption prices ranging from 105.83% to par, and at special redemption prices receding from 102.83% to par, plus accrued interest in each case.

Pacific Power & Light Co. is an operating public utility engaged primarily in the business of generating, transmitting, distributing and selling electric energy in the states of Oregon, Washington, Wyoming, Montana and Idaho. The company also supplies steam heating service in Portland, Oregon; Yakima, Washington, and in Casper, Wyo.; telephone service in 10 communities in western Montana, and water service in eight communities in Oregon and Montana. Of the total combined operating revenues of the company and the former Mountain States Power Co. for the year ended May 31, 1954, about 95% was derived from electric service. The area supplied with electricity by the company approximates 13,000 square miles with a census population which had increased from approximately 810,000 in 1940 to around 1,050,000 in 1950.

For the 12 months ended May 31, 1954, total operating revenues aggregated $38,279,000 and net income was $6,013,000, compared with operating revenues of $36,918,000 and net income of $6,120,000 for the year 1953.

Rockford Sec. Dealers Outing in October

ROCKFORD, Ill. — The Rockford Security Dealers will sponsor the annual Fling-Ding for the Security Dealers of Illinois and surrounding area on October 8, Friday, at Rockford Country Club. Further details will be available shortly.

Join A. G. Edwards Staff

(Special to THE FINANCIAL CHRONICLE)

QUINCY, Ill. — Ruth V. Miller, Donald L. Robinson and Leona L. Williams have become associated with A. G. Edwards & Sons of St. Louis. All were previously with the Hess Investment Company.

Guss & Mednick Open

SALT LAKE CITY, Utah—Guss & Mednick Co. has been formed with offices in the Darling Building to engage in a securities business. Hymie Guss is a principal in the firm.

Forms Hale & Co.

SALT LAKE CITY, Utah — Donald C. Hale is engaging in an investment business from offices at 36½ West Second South Street under the firm name of Hale & Company.

Bank and Insurance Stocks

By H. E. JOHNSON

This Week — Insurance Stocks

Operating results of fire and casualty insurance companies for the first half of 1954 are now being published. In general the reports are highly satisfactory with gains indicated for all the major segments of the business.

Although premium volume varies from company to company most institutions that have reported so far have shown a slight gain. More significantly so far as underwriting goes, however, has been the loss experience. In relation to a year ago loss ratios for the multiple line writers are lower, in some instances by as much as 10%. Thus even though, loss and underwriting expenses have continued to gain, statutory results for the period show good improvement over the experience reported in the first half of 1953.

Investment operations also were favorable with income from this source higher by as much as 10%. This gain was exclusive of the substantial appreciation in security values resulting from the easier money rates and the rise in the stock market.

The combined income from investments and underwriting was thus substantially higher. Accordingly, the liability for Federal income taxes showed a large increase. Even so, net income after taxes was considerably higher for the first half of 1954 as against the same period of last year.

Operating statements of two of the medium-sized insurance organizations which illustrate the foregoing general comments, are presented below. They are the Glens Falls group and the National Fire Insurance of Hartford.

	Glens Falls Six Months Ended June 30		National Fire Six Months Ended June 30	
	1954 $	1953 $	1954 $	1953 $
Premiums written	36,585,792	37,985,938	39,634,354	37,108,678
Incr. in unearned prems.	1,432,412	3,384,532	1,613,418	2,383,116
Premiums earned	35,153,380	34,601,406	38,020,936	34,725,562
Losses incurred	15,372,852	16,828,002	17,713,970	17,760,790
Loss expenses incurred	2,978,012	2,683,338	2,044,922	2,066,367
Underwriting expenses	14,898,867	14,888,081	15,747,218	14,682,735
	33,249,731	34,399,421	35,506,110	34,509,892
Underwriting gain	1,903,649	201,985	2,514,826	215,670
Investment income	1,385,903	1,254,144	1,742,321	1,585,366
Income before taxes	3,289,552	1,456,129	4,257,147	1,801,036
Income taxes	1,352,752	413,119	1,976,167	513,269
Net income	1,936,800	1,043,010	2,280,980	1,287,767
Earned per share	$2.98	$1.60	$4.56	$2.58

After adjustments are made for changes in the unearned premium reserve, the adjusted per share figures also make favorable comparisons.

	Six Months to June 30 — Glens Falls		National Fire	
	1954	1953	1954	1953
Underwriting profit	$2.93	$0.31	$5.03	$0.43
Equity in incr. in unearned prems.	0.77	1.82	1.13	1.67
Adjusted underwriting	$3.70	$2.13	$6.16	$2.10
Investment income	2.13	1.93	3.48	3.17
Pre-tax profit	$5.83	$4.06	$9.64	$5.27
Income taxes	2.08	0.64	3.95	1.03
Operating earnings	$3.75	$3.42	$5.69	$4.24

Another significant feature of the reports now being published is the additions which the various companies show in their surplus accounts. Besides the gains made in operating results, there were substantial increases in security valuations. In as much as these changes are reflected in the surplus, these accounts also recorded large gains, in many instances more than 10%.

For example in the case of Glens Falls, capital and surplus at the beginning of 1954 was $34,629,650. Additions during the first half after dividends, amounted to $4,698,651 or a gain of 13.6% for the period. In the case of National Fire the increase amounted to $5,506,943 or a gain of 13% over the $42,428,090 of capital and surplus existing at the beginning of 1954.

Other companies will be publishing their semi-annual statements in the coming weeks. Most of them should show a similar favorable experience.

Continued from page 4

The State of Trade and Industry

European. This is prompting foreign producers of steel to look to the United States for scrap, a raw material for steelmaking.

Steel price increases stemming from the wage raise given the steelworkers continue to come out from small producers following the pattern set several weeks ago by the large producers. As a result, "Steel's" latest price composite on finished steel is $117.64 a net ton, compared with a revised figure of $117.39 a net ton for the preceding week.

The American Iron and Steel Institute announced that the operating rate of steel companies having 96.1% of the steelmaking capacity for the entire industry will be at an average of 63.7% of capacity for the week beginning Aug 9, 1954, equivalent to 1,519,000 tons of ingots and steel for castings, as against 1,527,000 tons and 64.0% (actual) a week ago.

The industry's ingot production rate for the weeks in 1954 is now based on annual capacity of 124,330,410 tons as of Jan. 1, 1954.

For the like week a month ago the rate was 64.3% and production 1,534,000 tons. A year ago the actual weekly production was placed at 2,146,000 tons or 95.2%. The operating rate is not comparable because capacity was lower than capacity in 1954. The percentage figures for last year are based on annual capacity of 117,547,470 tons as of Jan. 1, 1953.

Car Loadings Continued to Decline the Past Week

Loadings of revenue freight for the week ended July 31, 1954, decreased 718 cars or 0.1% below the preceding week, according to the Association of American Railroads.

Loadings totaled 683,569 cars, a decrease of 110,185 cars or 13.9% below the corresponding 1953 week, and a decrease of 49,507 cars or 6.8% below the corresponding week in 1952.

Electric Output Eases From All-Time High Record of Preceding Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Aug. 7, 1954, was estimated at 9,059,000,000 kwh., according to the Edison Electric Institute, or slightly under the all-time record high established in the previous week.

The current figure represents a decrease of 80,000,000 kwh. from the preceding week but an increase of 595,000,000 kwh., or 7.0% over the comparable 1953 week and 1,564,000,000 kwh. over the like week in 1952.

U. S. Auto Output Last Week Hit Lowest 5-Day Volume of Year

The automotive industry for the latest week, ended Aug. 7, 1954, according to "Ward's Automotive Reports," assembled an estimated 104,720 cars, compared with 104,604 (revised) in the previous week. The past week's production total of cars and trucks amounted to 120,392 units, a moderate decline below last week's output of 123,482 units, states "Ward's."

Last week, the agency reported there were 15,672 trucks made in this country, as against 18,878 (revised) in the previous week and 22,991 in the like 1953 week.

"Ward's" estimated Canadian plants turned out 3,010 cars and 565 trucks last week, against 5,662 cars and 1,379 trucks in the preceding week and 2,180 cars and 9 trucks in the comparable 1953 week.

Business Failures Heavier in Middle and South Atlantic States This Week

Commercial and industrial failures rose mildly to 207 in the week ended Aug. 5 from 195 in the preceding week, Dun & Bradstreet, Inc., reports. At the highest level in three weeks, casualties were slightly more numerous than last year when 195 occurred and were up sharply from the toll of 123 in the comparable week of 1952. However, mortality continued 25% below the prewar level of 277 in 1939.

Liabilities of $5,000 or more were involved in 184 of the week's failures, compared with 167 in the previous week and 151 a year ago. On the other hand, small casualties, those with liabilities under $5,000, dipped to 23 from 28 and were off considerably from their toll of 41 for the similar week of 1953. Sixteen businesses failed with liabilities in excess of $100,000, as compared with 13 last week.

Manufacturing accounted for most of the rise in failures during the week with casualties up to 48 from 31 while the retailing toll edged up to 96 from 95 and commercial service to 18 from 16. In contrast, declines occurred in wholesaling, down to 21 from 28, and in construction, down to 24 from 25. Mortality equalled or slightly exceeded last year's level in all lines except wholesaling.

Five geographic regions reported heavier failures in the week just ended including the Middle Atlantic States where the toll rose to 73 from 61 and the South Atlantic States where the toll mounted to 20 from 8.

Somewhat smaller increases appeared in the East and West South Central and Mountain Regions. While casualties in New England dipped one to 19, those in the East North Central and Pacific States declined more sharply to 24 and 45 respectively. Most areas had more concerns failing than a year ago; mortality in the East North Central States held steady and the only sizable decline from 1953 occurred in the West South Central Region where only one-half as many businesses succumbed as last year.

Wholesale Food Price Index Holds to Downward Trend

Extending the downward movement of last week, the wholesale food price index, compiled by Dun & Bradstreet, Inc., dipped four cents further the past week to stand at $7.10 as of Aug. 3. This was the lowest it has been since Feb. 9, when it registered $7.09, but it was still 6.4% above the year-ago index of $6.67.

Moving upward in wholesale cost last week were barley, lard, milk, cocoa, raisins, currants, prunes, steers and hogs. Lower in price were flour, wheat, corn, rye, hams, bellies, sugar, coffee, cottonseed oil, eggs, potatoes and lambs.

The index represents the sum total of the price per pound of 31 raw foodstuffs and meats in general use and its chief function is to show the general trend of food prices at the wholesale level.

Wholesale Commodity Price Index Reacted to Sharply Lower Levels After Early Gains the Past Week

Grain markets were irregular last week with early trading featured by rather sharp price advances, stimulated by the continued hot, dry weather conditions and fears over political developments in Southeast Asia. However, ample rains were reported over the past week-end in many of the drought stricken areas and prices, particularly soybeans and corn, trended sharply lower with wheat, oats and rye declining in sympathy.

Some of the easiness in wheat reflected hedging pressure from the Northwest, where the Spring wheat crop is starting to move to market. Substantial sales of wheat to West Germany were reported during the week.

Farmers have voted to make marketing quotas effective on 1955-crop wheat. Trading volume on the Chicago Board of Trade declined from the previous week. Daily average purchases of all grain and soybean futures totalled 55,000,000 bushels, against 70,800,000 the preceding week, and 47,700,000 a year ago.

Demand for Spring wheat bakery flours remained at a low level. Recent price declines, particularly in high glutens, failed to arouse any interest as bakers and jobbers were inclined to hold off in the belief that further weakening will occur when the Spring wheat crop starts to move. Activity in other flours was very limited. Cocoa finished higher as the result of sharp gains in the latter part of the week. Main strengthening influences were the outlook for a tight supply situation in the latter part of the year, concern over the situation in the Far East and reports that Brazil had raised its new crop selling price for Bahia cocoa 1¼ cents a pound to 63¼ cents. Warehouse stocks of cocoa declined slightly and totalled 115,654 bags, against 118,432 a week earlier, and 198,425 a year ago.

The domestic raw sugar market was quiet as continued slow demand for the refined product tended to restrict trading all along the line.

Coffee futures developed a somewhat steadier tone toward the close of the week as the result of trade house buying.

Roaster demand for actuals showed no improvement with takings confined to small quantities. Trading in lard was more active with prices firmer. Following a three-week decline, hog values worked irregularly higher the past week, although wholesale pork cuts continued to weaken both here and in Chicago. Swine marketings were down about 15% from the previous week. Steers advanced slightly; Spring lambs ruled mostly steady.

Spot cotton prices were steady most of the week but declined in late trading. Selling was attracted by reports of rains in Texas and Oklahoma and the forecast of rain in other dry areas of the belt. Reported sales in the ten spot markets increased moderately and totalled 67,800 bales, compared with 47,700 bales a week earlier and 48,300 in the corresponding week a year ago. CCC loan repayments continued in small volume, totalling 9,300 bales in the week ended July 23. Net loan stocks of 1953-crop cotton as of that date amounted to 5,207,600 bales.

Trade Volume Lifted Slightly Above Level of Week Before

End-of-month clearances and stock-taking sales in many department and furniture stores during the week ended on Wednesday of last week helped bring retail sales slightly above the level of the week. Consumer purchases were about equal to those of the similar week in 1953; spending for vacations, recreation, and services were high.

Installment buying continues to increase, and collections are preceding generally prompt.

The total dollar voume of retail trade in the period ended on Wednesday of last week was estimated by Dun & Bradstreet, Inc., to be 2% below to 2% above the level of a year ago. Regional estimates varied from the comparable 1953 levels by the following percentages: Midwest —5 to —1; Northwest —4 to 0; East —3 to +1; Southwest —2 to +2; Pacific Coast and South +1 to +5 and New England +5 to +9.

Apparel buying was somewhat larger the past week than the one before, but below expectations for this time of year. Promotions of women's Fall merchandise were wide-spread; response to coats, suits, better dresses and furs was disappointing. Children's clothing was in improved demand. Sales of men's wear were substantially below those of the past few weeks, as consumers appear to have lost interest in reduced Summer merchandise.

Many department stores reported highly successful white sales.

Food buying was at last week's high volume. Restaurants throughout the country reported that their business is now about 3 to 5% below that of a year ago; in some cities eating places have introduced "take home" meals in an effort to recoup lost trade. Television and frozen foods appear to have increased home cooking in recent months.

Many furniture stores reported improved sales of upholstered furniture, floor coverings and bedding the past week.

Retail stores are losing houseware sales to growing "home clubs" throughout the country.

One major television manufacturer announced last week that a new color set will soon be introduced, to sell from $300 to $400 less than other color sets now on the market.

Despite discouraging information of recent conditions in some wholesale markets which became available a week ago, there were signs of improved prospects for Fall. Wholesalers' total sales in June reached $9,500,000,000, slightly lower than in the same month a year ago but 2% higher than in May, 1954, seasonally adjusted.

Wholesalers' inventories at the end of June were down somewhat from May but higher than in June of last year.

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index for the week ended July 31, 1954 advanced 1% above the level for the preceding week. In the previous week July 24, 1954, an increase of 1% was reported from that of the similar week in 1953. For the four weeks ended July 31, 1954, a decline of 3% was reported. For the period Jan. 1 to July 31, 1954, department store sales registered a decrease of 3% below the corresponding period of 1953.

Retail trade volume in New York City the past week, according to trade estimates, was a shade ahead of the figures of a year ago, when similar conditions such as cool and rainy weather obtained.

According to the Federal Reserve Board's index department store sales in New York City for the weekly period ended July 31, 1954, registered a decrease of 3% below the like period of last year. In the preceding week, July 24, 1954 an increase of 4% was reported from that of the similar week in 1953, while for the four weeks ended July 31, 1954, a decrease of 3% was reported. For the period Jan. 1 to July 31, 1954, no change was registered from that of the 1953 period.

Lucky D Uranium Stock Offered

Brereton Rice & Co., Inc., Denver, Colo., and James M. Toolan & Co., New York City, are offering an issue of 1,500,000 shares of common stock (par one cent) of Lucky D Uranium Mining Co., a Colorado corporation, at 10 cents per share "as a speculation."

It is intended that the net proceeds will be used to purchase equipment, carry on mining and exploration operations and acquire additional properties.

At the present time, the company holds two groups of properties, consisting of 14 claims. One group is known as the Sandy and Yellow John claims and the other as the Yellow John group made up of 12 claims. All are in the White Canyon Mining District in San Juan County, Utah.

The Sandy and Yellow John claims cover an area of approximately 36 acres.

It is stated that uranium ore is being produced on 35 acres of the above 14 claims and that approximately $85,000 worth of uranium ore has already been produced and delivered to the Atomic Energy Commission at Monticello, Utah.

The authorized capitalization of Lucky D Uranium Mining Co. consists of 5,000,000 shares, of which 3,500,000 shares will be outstanding upon completion of the present financing.

With H. G. Frese

(Special to THE FINANCIAL CHRONICLE)

SAN CARLOS, Calif.—Paul W. Schwarz is now with Herman G. Frese, 1253 San Carlos Avenue.

Rex Merrick Adds

(Special to THE FINANCIAL CHRONICLE)

SAN MATEO, Calif.—Glenn L. Park has become affiliated with Rex Merrick & Co., 22 Second Avenue.

With First California

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Burling G. Doolittle is now with First California Company, 300 Montgomery Street. He was formerly with Stewart, Eubanks, Meyerson & York.

Edward N. Carson

Edward N. Carson, Manager of the Municipal Department of Van Alstyne, Noel & Co., New York City, passed away suddenly on Aug. 10 at the age of 49.

Robert F. Luce

Robert F. Luce, a former stock broker, died Aug. 11, at the age of 58.

Indications of Current Business Activity

The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date:

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Indicated steel operations (percent of capacity)	Aug. 15	§63.7	*64.0	64.3	95.2
Equivalent to—					
Steel ingots and castings (net tons)	Aug. 15	1,519,000	*1,527,000	1,534,000	2,146,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	July 30	6,254,950	6,267,550	6,441,400	6,556,750
Crude runs to stills—daily average (bbls.)	July 30	¶6,827,000	6,774,000	7,005,000	7,024,000
Gasoline output (bbls.)	July 30	23,326,000	23,565,000	23,888,000	24,209,000
Kerosene output (bbls.)	July 30	2,061,000	1,910,000	2,277,000	2,183,000
Distillate fuel oil output (bbls.)	July 30	10,294,000	9,856,000	10,137,000	9,723,000
Residual fuel oil output (bbls.)	July 30	7,419,000	7,525,000	8,166,000	8,586,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	July 30	158,402,000	158,844,000	164,546,000	141,575,000
Kerosene (bbls.) at	July 30	31,368,000	31,069,000	27,942,000	30,310,000
Distillate fuel oil (bbls.) at	July 30	100,439,000	*98,255,000	86,765,000	102,425,000
Residual fuel oil (bbls.) at	July 30	54,651,000	53,585,000	50,645,000	49,547,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	July 31	683,569	684,287	618,597	793,754
Revenue freight received from connections (no. of cars)	July 31	568,153	565,356	552,975	636,149
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Aug. 5	$368,623,000	$262,263,000	$298,511,000	$326,510,000
Private construction	Aug. 5	241,014,000	143,154,000	127,027,000	220,942,000
Public construction	Aug. 5	127,609,000	119,109,000	171,484,000	105,568,000
State and municipal	Aug. 5	105,469,000	100,655,000	112,307,000	84,622,000
Federal	Aug. 5	22,140,000	18,454,000	59,177,000	20,946,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	July 31	7,500,000	*7,090,000	1,420,000	9,260,000
Pennsylvania anthracite (tons)	July 31	511,000	519,000	63,000	607,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	July 31	87	84	93	86
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Aug. 7	9,059,000	9,139,000	8,185,000	8,464,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Aug. 5	207	195	196	195
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Aug. 3	4.801c	4.801c	4.801c	4.634c
Pig iron (per gross ton)	Aug. 3	$56.59	$56.59	$56.59	$56.76
Scrap steel (per gross ton)	Aug. 3	$27.83	$27.33	$26.75	$44.58
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Aug. 4	29.700c	29.700c	29.700c	29.700c
Export refinery at	Aug. 4	29.675c	29.425c	29.600c	29.550c
Straits tin (New York) at	Aug. 4	95.625c	96.125c	96.375c	78.250c
Lead (New York) at	Aug. 4	14.000c	14.000c	14.000c	14.000c
Lead (St. Louis) at	Aug. 4	13.800c	13.800c	13.800c	13.800c
Zinc (East St. Louis) at	Aug. 4	11.000c	11.000c	11.000c	11.000c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Aug. 10	100.34	100.79	100.39	93.25
Average corporate	Aug. 10	110.52	110.52	110.15	104.14
Aaa	Aug. 10	115.63	115.63	115.24	109.06
Aa	Aug. 10	112.56	112.37	112.37	106.21
A	Aug. 10	110.15	110.15	109.79	102.96
Baa	Aug. 10	104.31	104.14	103.97	98.73
Railroad Group	Aug. 10	109.24	109.06	108.88	102.30
Public Utilities Group	Aug. 10	110.88	110.88	110.52	103.64
Industrials Group	Aug. 10	111.62	111.44	111.25	106.39
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Aug. 10	2.47	2.42	2.46	2.99
Average corporate	Aug. 10	3.14	3.14	3.16	3.50
Aaa	Aug. 10	2.87	2.87	2.89	3.22
Aa	Aug. 10	3.03	3.04	3.04	3.38
A	Aug. 10	3.16	3.16	3.18	3.57
Baa	Aug. 10	3.49	3.50	3.51	3.83
Railroad Group	Aug. 10	3.21	3.22	3.23	3.61
Public Utilities Group	Aug. 10	3.12	3.12	3.14	3.53
Industrials Group	Aug. 10	3.08	3.09	3.10	3.37
MOODY'S COMMODITY INDEX	Aug. 10	429.1	427.3	432.0	413.3
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	July 31	256,223	203,751	262,900	255,766
Production (tons)	July 31	237,843	239,499	227,077	251,865
Percentage of activity	July 31	90	88	84	95
Unfilled orders (tons) at end of period	July 31	390,265	370,844	359,824	522,529
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	Aug. 6	107.03	107.21	106.53	106.32
STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE — SECURITIES EXCHANGE COMMISSION:					
Odd-lot sales by dealers (customers' purchases)—					
Number of shares	July 24	1,160,703	1,160,812	960,918	531,325
Dollar value	July 24	$53,097,672	$51,794,917	$44,877,879	$23,920,924
Odd-lot purchases by dealers (customers' sales)—					
Number of shares—Total sales	July 24	1,156,234	1,175,227	984,723	489,415
Customers' short sales	July 24	8,700	7,592	8,724	4,870
Customers' other sales	July 24	1,147,534	1,167,635	975,999	484,545
Dollar value	July 24	$49,334,769	$49,653,011	$42,705,386	$19,369,069
Round-lot sales by dealers—					
Number of shares—Total sales	July 24	358,590	351,150	324,830	153,220
Short sales	July 24	------	------	------	------
Other sales	July 24	358,590	351,150	324,830	153,220
Round-lot purchases by dealers—					
Number of shares	July 24	358,150	359,310	296,110	198,000
TOTAL ROUND-LOT STOCK SALES ON THE N. Y. STOCK EXCHANGE AND ROUND-LOT STOCK TRANSACTIONS FOR ACCOUNT OF MEMBERS (SHARES):					
Total Round-lot sales—					
Short sales	July 17	499,180	346,580	396,060	240,150
Other sales	July 17	12,922,800	9,580,810	8,678,720	4,553,360
Total sales	July 17	13,421,980	9,927,390	9,074,780	4,793,510
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:					
Transactions of specialists in stocks in which registered—					
Total purchases	July 17	1,372,110	1,002,160	986,670	514,880
Short sales	July 17	284,970	199,790	198,120	92,440
Other sales	July 17	1,123,850	838,780	808,450	420,290
Total sales	July 17	1,408,820	1,038,570	1,006,570	512,730
Other transactions initiated on the floor—					
Total purchases	July 17	371,130	297,240	272,790	90,140
Short sales	July 17	9,330	16,050	23,400	22,900
Other sales	July 17	404,010	303,710	258,640	101,250
Total sales	July 17	413,340	319,760	282,040	124,150
Other transactions initiated off the floor—					
Total purchases	July 17	477,890	327,256	276,820	212,420
Short sales	July 17	77,570	39,470	73,680	42,360
Other sales	July 17	532,355	484,749	357,495	203,460
Total sales	July 17	609,925	724,219	431,175	245,820
Total round-lot transactions for account of members—					
Total purchases	July 17	2,221,130	1,626,656	1,536,280	817,440
Short sales	July 17	371,870	255,310	295,200	157,700
Other sales	July 17	2,060,215	1,627,239	1,424,585	725,000
Total sales	July 17	2,432,085	1,882,549	1,719,785	882,700
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	Aug. 3	109.8	109.7	110.0	110.7
Farm products	Aug. 3	94.9	*93.9	94.3	97.0
Processed foods	Aug. 3	104.1	103.9	105.3	105.2
Meats	Aug. 3	87.2	87.3	93.7	94.6
All commodities other than farm and foods	Aug. 3	114.2	114.2	114.2	114.8

*Revised figure. ¶Includes 719,000 barrels of foreign crude runs. §Based on new annual capacity of 124,330,410 tons as of Jan. 1, 1954, as against the Jan. 1, 1953 basis of 117,547,470 tons.

†Number of orders not reported since introduction of Monthly Investment Plan.

	Latest Month	Previous Month	Year Ago
ALUMINUM (BUREAU OF MINES):			
Production of primary aluminum in the U. S. (in short tons)—Month of June	120,758	125,138	104,152
Stocks of aluminum (short tons) end of June	68,038	72,194	17,810
AMERICAN GAS ASSOCIATION—For month of June:			
Total gas (M therms)	4,180,317	4,462,299	4,020,600
Natural gas sales (M therms)	3,954,396	4,200,431	3,793,000
Manufactured gas sales (M therms)	37,593	45,025	63,400
Mixed gas sales (M therms)	188,328	216,843	164,200
AMERICAN ZINC INSTITUTE, INC.—Month of July:			
Slab zinc smelter output all grades (tons of 2,000 pounds)	70,647	*71,540	80,825
Shipments (tons of 2,000 pounds)	73,886	*80,244	74,204
Stocks at end of period (tons)	197,885	*201,124	103,906
Unfilled orders at end of period (tons)	38,179	33,100	32,327
COAL OUTPUT (BUREAU OF MINES)—Month of July:			
Bituminous coal and lignite (net tons)	27,650,000	30,620,000	*34,954,000
Pennsylvania anthracite (net tons)	1,939,000	*2,226,000	2,551,000
CIVIL ENGINEERING CONSTRUCTION—ENGINEERING NEWS-RECORD — Month of July (000's omitted):			
Total U. S. construction	$1,574,986	$1,160,753	$1,262,992
Private construction	834,152	599,256	663,704
Public construction	740,834	561,497	499,288
State and municipal	549,562	425,116	433,436
Federal	191,272	136,381	165,852
COTTON PRODUCTION — U. S. DEPT. OF AGRICULTURE—Estimates as of Aug. 1:			
Production 500-lb. gross bales	12,680,000	------	16,465,000
DEPARTMENT STORE SALES (FEDERAL RESERVE SYSTEM—1947-49 Average=100)—Month of July:			
Adjusted for seasonal variations	115	112	113
Without seasonal adjustment	91	106	89
DEPARTMENT STORE SALES—SECOND FEDERAL RESERVE DISTRICT, FEDERAL RESERVE BANK OF N. Y. — 1947-1949 Average=100—Month of June:			
Sales (average monthly), unadjusted	101	96	*99
Sales (average daily), unadjusted	99	98	*98
Sales (average daily), seasonally adjusted	102	100	*101
Stocks, unadjusted	107	118	*110
Stocks, seasonally adjusted	114	115	116
EMPLOYMENT AND PAYROLLS—U. S. DEPT. OF LABOR—REVISED SERIES—Month of May:			
All manufacturing (production workers)	12,415,000	12,592,000	13,890,000
Durable goods	7,188,000	7,303,000	8,311,000
Non-durable goods	5,227,000	5,289,000	5,579,000
Employment Indexes (1947-49 Avge.=100)—			
All manufacturing	100.4	101.8	112.3
Payroll Indexes (1947-49 Average=100)—			
All manufacturing	134.9	135.0	151.9
Estimated number of employees in manufacturing industries—			
All manufacturing	15,803,000	15,996,000	17,283,000
Durable goods	9,128,000	9,251,000	10,269,000
Non-durable goods	6,675,000	6,745,000	7,014,000
MOODY'S WEIGHTED AVERAGE YIELD OF 100 COMMON STOCKS—Month of July:			
Industrials (125)	4.54	4.74	5.44
Railroad (25)	5.95	6.28	6.30
Utilities (not incl. Amer. Tel. & Tel.) (24)	4.56	4.85	5.46
Banks (15)	4.35	4.39	4.59
Insurance (10)	2.73	2.88	3.40
Average (200)	4.61	4.82	5.46
MOTOR VEHICLE FACTORY SALES FROM PLANTS IN U. S.—AUTOMOBILE MANUFACTURERS' ASSN. — Month of June:			
Total number of vehicles	598,847	588,561	661,993
Number of passenger cars	507,055	497,062	587,540
Number of motor trucks	91,442	91,226	74,063
Number of motor coaches	350	273	380
METAL PRICES (E. & M. J. QUOTATIONS)—Average for month of July:			
Copper (per pound)—			
Electrolytic domestic refinery	29.700c	29.700c	29.687c
Electrolytic export refinery	29.570c	¶¶29.603c	29.482c
Lead—			
Common, New York (per pound)	14.000c	14.106c	13.683c
Common, St. Louis (per pound)	13.800c	13.906c	13.483c
‡‡Prompt, London (per long ton)	£95.693	£97.455	£93.152
‡‡Three months, London (per long ton)	£93.969	£95.097	£90.318
¶Antimony, New York Boxed	31.970c	31.970c	37.970c
Antimony (per pound) bulk, Laredo	28.500c	28.500c	34.500c
Antimony (per pound) Laredo	29.000c	29.000c	35.000c
Platinum, refined (per ounce)	$84.000	$84.000	$93.000
Zinc (per pound)—East St. Louis	11.000c	10.960c	11.000c
††Zinc, London, prompt (per long ton)	£77.563	£79.920	£73.323
††Zinc, London three months (per long ton)	£78.051	£80.262	£73.530
†Cadmium, refined (per pound)	$1.70000	$1.70000	$2.00000
‡Cadmium (per pound)	$1.70000	$1.71635	$2.07500
§Cadmium (per pound)	$1.70000	¶¶$1.73269	$2.15000
Cobalt, 97%	$2.60000	$2.60000	$2.40000
Silver and Sterling Exchange—			
Silver, New York (per ounce)	85.250c	85.250c	85.250c
Silver, London (pence per ounce)	72.466	72.940	74.000
Sterling Exchange (Check)	$2.81774	$2.81824	$2.81530
Tin, New York Straits	96.577c	94.192c	81.577c
§§New York, 99% min.	95.577c	93.192c	80.577c
Gold (per ounce, U. S. price)	$35.000	$35.000	$35.000
Quicksilver (per flask of 76 pounds)	$286,923	$275,000	$190,462
Aluminum, 99% plus, ingot (per pound)	21.500c	21.500c	21.000c
Magnesium ingot (per pound)	27.000c	27.000c	27.000c
**Nickel	60.000c	60.000c	60.000c
Bismuth (per pound)	$2.25	$2.25	------
UNITED STATES GROSS DEBT DIRECT AND GUARANTEED—(000's omitted):			
As of July 31	$271,004,530	$271,341,040	$272,732,350
General fund balance	4,224,495	6,766,455	8,740,766
Net debt	$266,780,035	$264,574,585	$263,991,584
Computed annual rate	2.334%	2.342%	2.438%
ZINC OXIDE (BUREAU OF MINES)—Month of June:			
Production (short tons)	11,339	*10,182	14,540
Shipments (short tons)	12,858	11,339	17,164
Stocks at end of month (short tons)	14,433	15,952	24,527

*Revised figure. †Based on the producers' quotation. ‡Based on the average of the producers' and platers' quotations. §Average of quotation on special shares to plater. ¶Domestic, five tons or more but less than carload lot, boxed. §§Price for tin contained. **F.o.b. Port Colborne, U. S. duty included. ‡‡Average of daily mean of bid and ask quotation at morning session of London Metal Exchange. ††Delivered where freight from E. St. Louis exceeds 0.5c. ¶¶Corrected figure.

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
● ITEMS REVISED

ACF Brill Motors Co.
July 19 (letter of notification) 2,000 shares of common stock (par $2.50). **Price** — At market (approximately $8.25 per share). **Proceeds**—To William S. Wasserman, a director. **Underwriter**—Elliott & Co., New York.

★ **Allray Co., Alliance, Neb.**
Aug. 2 (letter of notification) 25,000 shares of common stock (par $1). **Price**—$2 per share. **Proceeds**—For mining operations. **Office** — 217 East Third St., Alliance, Neb. **Underwriter**—None.

★ **American Buyers Credit Co., Phoenix, Ariz.**
Aug. 6 filed 5,000,000 shares of common stock to be issued to policyholders of American Buyers Insurance Co. and American Buyers Casualty Co., and employees. **Price**—To so-called "Expansion Policyholders" (various policyholders of both insurance companies), and employees, at par ($1 per share); and to all other policyholders in the insurance companies, $1.25 per share. **Proceeds**—To expand in the small loan field. **Underwriter**—None.

American-Canadian Oil & Drilling Corp.
May 12 filed 1,500,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For drilling expenses and acquisition of additional properties for development and exploration, and related activities. **Office**—Dallas, Tex. **Underwriter**—None.

Apollo Oil & Uranium Co., Denver, Colo.
May 27 (letter of notification) 12,500,000 shares of common stock. **Price**—At par (one cent per share). **Proceeds**—For mining activities. **Office**—602 First National Bank Building, Denver, Colo. **Underwriters** — M. A. Cleek and J. Russell Tindell, both of Spokane, Wash.

Arden Farms Co., Los Angeles, Calif.
June 11 filed 32,669 shares of $3 cumulative and participating preferred stock (no par value) and 52,876 shares of common stock (par $1), the preferred shares being offered for subscription to holders of outstanding preferred stock of record July 7 on 1-for-10 basis, and the common stockholders to have right to subscribe for the new common stock on a 1-for-10 basis; rights to expire on Sept. 24. **Price**—For preferred, $48 per share; and for common $12.50 per share. **Proceeds**—To reduce bank loans. **Underwriter**—None.

Arkansas Natural Resources Corp.
June 11 (letter of notification) 299,500 shares of common stock (par 25 cents). **Price**—$1 per share. **Proceeds**—For expenses incident to drilling for magnetic iron ore. **Office**—Rison, Ark. **Underwriter**—Eaton & Co., Inc., New York, N. Y.

Arkansas Power & Light Co. (8/24)
July 23 filed $7,500,000 of first mortgage bonds due 1984. **Proceeds** — To repay $4,900,000 of bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Lehman Brothers, Stone & Webster Securities Corp. and White, Weld & Co. (jointly); Blyth & Co., Inc., Equitable Securities Corp. and Central Republic Co., Inc. (jointly); Merrill Lynch, Pierce, Fenner & Beane and Union Securities Corp. (jointly). **Bids**—Expected to be received up to noon (EDT) on Aug. 24 at Two Rector Street, New York, N. Y.

Atomic Instrument Co., Cambridge, Mass.
July 29 (letter of notification) 31,632 shares of common stock (par $1) to be first offered to stockholders at the rate of one new share for each four shares held. **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Office**—84 Massachusetts Ave., Cambridge, Mass. **Underwriters**—Chace, Whiteside, West & Winslow, Inc. and Draper, Sears & Co., both of Boston, Mass.; Fahnestock & Co. and Amott, Baker & Co., Inc., both of New York; and Naumann, McFawn & Co., Detroit, Mich.

● **Automatic Firing Corp., St. Louis, Mo. (8/17)**
June 30 (letter of notification) $300,000 of seven-year convertible debentures due Aug. 1, 1961 (convertible at rate of one share of $1 par class A common stock for each $2 principal amount of debentures). **Price**—At par (in units of $1,000 each). **Proceeds**—For working capital. **Underwriter**—White & Co., St. Louis, Mo. **Dealer Relations Representative**—Geo. A. Searight, 115 Broadway, New York, N. Y. (telephone BArclay 7-8448.)

★ **Automatic Remote Systems, Inc., Baltimore, Md. (8/24)**
Aug. 4 filed 620,000 shares of common stock (par 50 cents), of which 540,000 shares are to be offered to public and 80,000 shares to be issued to underwriter. **Price**—$3.75 per share. **Proceeds**—For manufacture of Telebet units and Teleac systems and additions to working capital. **Underwriter**—Mitchell Securities, Inc., Baltimore, Md.

Basin Natural Gas Corp., Santa Fe, N. Mex.
Dec. 23 (letter of notification) 748,000 shares of common stock (par five cents). **Price**—40 cents per share. **Proceeds**—To acquire properties and leases. **Office** — Blatt Bldg., Santa Fe, N. M. **Underwriter**—Hunter Securities Corp., New York.

Big Indian Uranium Corp., Provo, Utah
July 15 (letter of notification) 500,000 shares of common stock (par 10 cents). **Price**—25 cents per share. **Proceeds**—For mining operations. **Address**—Box 77, Provo, Utah. **Underwriter**—Weber Investment Co., 242 N. University Ave., Provo, Utah.

★ **Brooklyn Union Gas Co.**
Aug. 2 (letter of notification) an aggregate of $300,000 market value of common stock (no par) to be offered to employees. **Price**—At average cost per share to company. **Proceeds**—None. **Office**—176 Remsen Street, Brooklyn 1, N. Y. **Underwriter**—None.

Buffalo Forge Co., Buffalo, N. Y.
July 7 filed 85,000 shares of common stock (par $1). **Price**—To be related to current market price at time of offering. **Proceeds**—To 11 selling stockholders. **Underwriter**—Hornblower & Weeks, New York. **Offering**—Postponed indefinitely.

★ **Business Records Tabulating Service, Inc.**
July 29 (letter of notification) $200,000 of 6% debenture bonds due 1959 and 2,000 shares of common stock (no par). **Price**—Of bonds, at par (in denominations of $100 each); of stock, $25 per share. **Proceeds** — For working capital. **Office**—Commercial Building, Shreveport, La. **Underwriter**—None.

California Electric Power Co.
April 22 filed 105,000 shares of cumulative preferred stock (par $50). **Price**—To be supplied by amendment. **Proceeds** — To redeem two issues of $2.50 preferred stock (par $50), totaling 98,800 shares. **Underwriter** — Merrill Lynch, Pierce, Fenner & Beane, New York. **Offering**—Temporarily deferred. (See also proposed issue of 107,000 shares of common stock in these columns.)

California Electric Power Co.
July 21 (letter of notification) 8,000 shares of common stock (par $1). **Price** — At market (on the American Stock Exchange). **Proceeds** — To Mono Power Co. (an affiliate) to retire indebtedness. **Underwriter**—Wagenseller & Durst, Inc., Los Angeles, Calif.

★ **California Electric Power Co. (8/31)**
Aug. 9 (filed 170,000 shares of common stock (par $1). **Proceeds**—To retire 37,600 shares of $2.50 sinking fund preferred stock (par $50) shortly after Oct. 1, 1954, at $51.50 per share and accrued dividends. **Underwriter**—To be determined by competitive bidding. Probable bidders: Union Securities Corp. and J. A. Hogle & Co. (jointly); Lehman Brothers; Kidder, Peabody & Co.; Merrill Lynch, Pierce, Fenner & Beane and Dean Witter & Co. (jointly). **Bids**—Tentatively expected to be received on Aug. 31.

● **Canada General Fund (1954) Ltd. (8/17)**
July 23 filed 2,500,000 shares of common stock (par $1) (amended to 3,250,000 shares on Aug. 11). **Price** — $10 per share. **Proceeds** — For investment. **Underwriters** — Bache & Co. and Paine, Webber, Jackson & Curtis (latter handling books). **Sponsor** — Vance, Sanders & Co., Boston, Mass.

★ **Carolina Casualty Insurance Co., Burlington, N.C.**
Aug. 2 (letter of notification) 30,000 shares of class B non-voting common stock (par $1). **Price**—$5 per share. **Proceeds** — For additional surplus to qualify in more States and to write a larger volume of insurance. **Underwriter**—McDaniel Lewis & Co., Greensboro, N. C.

Catalin Corp. of America
July 28 (letter of notification) 65,000 shares of common stock (par $1). **Price**—To be supplied by amendment (may be around $4.50 per share). **Proceeds**—For working capital. **Office** — One Park Ave., New York, N. Y. **Underwriter**—Fulton, Reid & Co., Cleveland, Ohio.

Century Acceptance Corp.
May 27 (letter of notification) 58,000 shares of class A common stock (par $1). **Price**—$5 per share. **Proceeds**—For working capital. **Office**—1334 Oak Street, Kansas City 6, Mo. **Underwriter**—Paul C. Kimball & Co., Chicago, Ill. **Offering**—Expected in August.

Cherokee Industries, Inc., Oklahoma City, Okla.
May 10 filed 5,000,000 shares of class B non-voting common stock (par 1 cent). **Price**—$1 per share. **Proceeds**—For construction, operating expenses and working capital. **Underwriter**—None.

Cherokee Utah Uranium Corp.
June 24 (letter of notification) 6,000,000 shares of capital stock (par one cent). **Price**—Three cents per share. **Pro-**

NEW ISSUE CALENDAR

August 16 (Monday)
New York Capital Fund of Canada Ltd. — **Common**
(Carl M. Loeb, Rhoades & Co.) $25,000,000
North-West Telephone Co. — **Common**
(Offering to stockholders—underwritten by Harley, Haydon & Co. and Bell & Farrell, Inc.) $150,000

August 17 (Tuesday)
Automatic Firing Corp. — **Debentures**
(White & Co.) $300,000
Canada General Fund (1954) Limited — **Common**
(Bache & Co. and Paine, Webber, Jackson & Curtis) $32,500,000
Four Corners Uranium Corp. — **Common**
(Campbell, McCarty & Co.) $1,000,000
New Jersey Power & Light Co. — **Bonds**
(Bids 11 a.m. EDT) $8,700,000
Republic Uranium Corp. — **Common**
(Teden & Co., Inc.) $297,500

August 18 (Wednesday)
General American Transportation Corp. — **Common**
(Kuhn, Loeb & Co.) between 85,000 and 90,000 shares
Southern California Edison Co. — **Bonds**
(Bids 9 a.m. PDT) $30,000,000

August 23 (Monday)
Electronics Corp. of America — **Common**
(Paine, Webber, Jackson & Curtis) $2,400,000
Supermarket Merchandisers of America Inc. — **Com.**
(Milton D. Blauner & Co., Inc.) $299,550

August 24 (Tuesday)
Arkansas Power & Light Co. — **Bonds**
(Bids noon EDT) $7,500,000
Automatic Remote Systems, Inc. — **Common**
(Mitchell Securities, Inc.) $2,025,000
Niagara Mohawk Power Corp. — **Bonds**
(Bids to be invited) $25,000,000
Northern States Power Co. — **Preferred**
(Bids 10:30 a.m. CDT) $20,000,000

August 25 (Wednesday)
Delaware, Lackawanna & Western RR — **Equip. Trust Ctfs.**
(Bids noon EDT) $5,700,000
Food Fair Stores, Inc. — **Debentures**
(Eastman, Dillon & Co.) $20,000,000
Suburban Propane Gas Corp. — **Common**
(Eastman, Dillon & Co.) 100,000 shares

August 30 (Monday)
General Bronze Corp. — **Common**
Offering to stockholders—underwritten by Lehman Brothers) 32,933 shares

August 31 (Tuesday)
California Electric Power Co. — **Common**
(Bids to be invited) 170,000 shares
Grand Union Co. — **Debentures**
(Offering to stockholders—underwritten by Morgan Stanley & Co. and W. E. Hutton & Co.) about $5,000,000
Southern Bell Telephone & Telegraph Co. — **Debs.**
(Bids 11 a.m. EDT) $55,000,000

September 1 (Wednesday)
Pacific Telephone & Telegraph Co. — **Common**
(Offering to stockholders—no underwriting)

September 8 (Wednesday)
Montana-Dakota Utilities Co. — **Bonds**
(Bids to be invited) $12,000,000
Western Maryland Ry. — **Bonds**
(Bids to be invited) $16,000,000

September 9 (Thursday)
Thompson-Starrett Co., Inc. — **Preferred**
(Blair, Rollins & Co. Inc. and Emanuel Deetjen & Co.) $1,450,000

September 10 (Friday)
Loma Uranium Corp. — **Common**
(Peter Morgan & Co.) $1,250,000

September 14 (Tuesday)
Oklahoma Gas & Electric Co. — **Preferred**
(Bids may be invited) $7,500,000

September 20 (Monday)
Columbus & Southern Ohio Electric Co. — **Common**
(Dillon, Read & Co. Inc. and The Ohio Company) 200,000 shares
Northern Pacific Ry. — **Bonds**
(Bids to be invited) $52,000,000

September 28 (Tuesday)
New England Electric System — **Common**
(Offering to stockholders—bids to be invited)
Northern States Power Co. — **Bonds**
(Bids to be invited) $20,000,000

September 29 (Wednesday)
Columbus & Southern Ohio Electric Co. — **Bonds**
(Bids to be invited) $10,000,000

September 30 (Thursday)
Louisville & Nashville RR. — **Bonds**
(Bids to be invited) $30,350,000
National City Bank of New York — **Common**
(Offering to stockholders—underwritten by The First Boston Corp.) $131,250,000

October 4 (Monday)
Public Service Co. of Colorado — **Bonds**
(Bids to be invited) $20,000,000

October 5 (Tuesday)
Indiana & Michigan Electric Co. — **Bonds**
(Bids 11 a.m. EDT) $16,500,000
Indiana & Michigan Electric Co. — **Preferred**
(Bids 11 a.m. EDT) $4,000,000
Wisconsin Power & Light Co. — **Bonds**
(Bids to be invited) $18,000,000

ceeds—For mining expenses. **Office**—65 East 4th South, Salt Lake City, Utah. **Underwriter**—Cromer Brokerage Co., Salt Lake City, Utah.

Chief Consolidated Mining Co.
June 24 filed 1,252,408 shares of preferred stock (par 50 cents) and 626,204 preferred stock purchase warrants being offered for subscription by common stockholders of record Aug. 2 on the basis of one share of preferred and an option to purchase one additional share of preferred stock (at 50 cents per share) for each two common shares held (with an oversubscription privilege); rights to expire on Sept. 30. **Price**—55 cents per unit. **Proceeds**—For development program and working capital and general corporate purposes. **Office**—Salt Lake City, Utah. **Underwriter**—None. Statement effective July 28.

Chute Canyon Uranium Co.
July 26 (letter of notification) 1,500,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For drilling and exploration. **Office**—334 Judge Bldg., Salt Lake City, Utah. **Underwriter**—James E. Reed Co., Salt Lake City, Utah.

Consol. Edison Co. of New York, Inc.
April 7 filed $50,000,000 of first and refunding mortgage bonds, series K, due May 1, 1984. **Proceeds**—To be applied towards cost of redeeming $27,982,000 New York Steam Corp. first mortgage bonds and $25,000,000 Westchester Lighting Co. general mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; The First Boston Corp. **Offering**—Originally set for May 11, but has been postponed because of market conditions. No new date set.

Danaho Refining Co., Houston, Texas
June 14 filed $625,000 of 6% debentures and 375,000 shares of common stock (par 10 cents) to be offered in units of $50 of debentures and 30 shares of stock. **Price**—$100 per unit. **Proceeds**—For additions and improvements. **Underwriter**—None.

Danaho Refining Co., Houston, Texas
June 14 filed 110,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For additions and improvements. **Underwriter**—None.

★ **Del Mundo Uranium & Development Co., Rapid City, S. D.**
Aug. 3 (letter of notification) 1,000,000 shares of common stock (par 10 cents). **Price** — 30 cents per share. **Proceeds** — For development and exploration expenses. **Underwriter**—None.

★ **Dow Chemical Co.**
Aug. 5 filed 200,000 shares of common stock (par $5) to be offered for subscription by employees. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Underwriter**—None.

★ **Duplan Corp.**
Aug. 3 (letter of notification) about $50,000 worth of common stock. **Price**—At market. **Proceeds**—To Ernest C. Geier, a Director. **Underwriter**—Dominick & Dominick, New York.

★ **East N'West Life Insurance Co., Phoenix, Ariz.**
July 26 (letter of notification) 150,000 shares of common stock (par $1) to be offered to policyholders of East N'West Insurance Co. **Price**—$2 per share. **Proceeds**—To increase capital and surplus. **Address**—P. O. Box 1404, Phoenix, Ariz. **Underwriter**—None.

★ **Electronics Corp. of America (8/23-27)**
Aug. 4 filed 200,000 shares of common stock. **Price**—To be supplied by amendment (probably around $12 per share). **Proceeds**—To reduce bank loans and for working capital and other general corporate purposes. **Office** — Cambridge, Mass. **Underwriter** — Paine, Webber, Jackson & Curtis, of Boston and New York.

Eureka Uranium Corp., Cheyenne, Wyo.
July 12 (letter of notification) 30,000,000 shares of common stock. **Price**—At par (one cent per share). **Proceeds** — For mining expenses. **Office**—2215 Duff Ave., Cheyenne, Wyo. **Underwriter**—Underwriters, Inc., Sparks, Nev.

Financial Credit Corp., New York
Jan. 29 filed 250,000 shares of 7% cumulative sinking fund preferred stock. **Price**—At par ($2 per share). **Proceeds**—For working capital. **Underwriter**—E. J. Fountain & Co., Inc., New York.

First Railroad & Banking Co. of Georgia
July 30 filed 42,000 units, each consisting of one share of common stock, one warrant to subscribe at $4.10 per share to 13 shares of common stock, and one $250 5% collateral trust bond due Aug. 1, 1968, to be offered for each of the 42,000 shares of outstanding common stock pursuant to plan of readjustment; also 756,000 shares of common stock, which includes 546,000 shares subject to subscription upon exercise of warrants and 210,000 shares to be offered to public at $4.50 per share through Johnson, Lane, Space & Co., Savannah, Ga., who will also purchase such of the 546,000 shares of common stock not sold upon exercise of warrants.

★ **Food Fair Stores, Inc., Philadelphia, Pa. (8/25)**
Aug. 3 filed $20,000,000 of 20-year sinking fund debentures due Sept. 1, 1974. **Price** — To be supplied by amendment. **Proceeds**—To redeem $12,500,000 4% debentures due Feb. 1, 1973, to repay $4,200,000 bank loans and for general corporate purposes. **Underwriter**—Eastman, Dillon & Co., New York.

● **Four Corners Uranium Corp., Denver, Colo. (8/17)**
July 26 filed 500,000 shares of common stock (par $1). **Price**—$2 per share. **Proceeds**—To repay bank loans, note and on contracts for purchase of certain claims and properties; and for other general corporate purposes. **Underwriter**—Campbell, McCarty & Co., Detroit, Mich.

● **General American Transportation Corp. (8/18)**
July 29 filed a maximum of 232,750 shares of common stock (par $2.50) of which only 85,000 to 90,000 shares are offered to public. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Underwriter**—Kuhn, Loeb & Co., New York.

★ **General Bronze Corp. (8/30)**
Aug. 5 filed 32,933 shares of common stock (par $5) to be offered for subscription by common stockholders of record Aug. 27 on the basis of one new share for each 10 shares held; rights to expire on Sept. 13. **Price**—To be supplied by amendment. **Proceeds** — For expansion program. **Underwriter**—Lehman Brothers, New York.

● **General Gas Corp., Baton Rouge, La.**
March 19 filed 100,000 shares of common stock (par $5). **Price** — To be supplied by amendment. **Proceeds** — To selling stockholders. **Underwriter**—Kidder, Peabody & Co., New York. **Offering**—Expected in September.

★ **Grand Union Co. (8/31)**
Aug. 11 filed approximately $5,000,000 of 15-year convertible subordinated debentures due 1969, to be offered for subscription by common stockholders on the basis of $100 of debentures for each 12 to 15 shares held on or about Aug. 31, 1954; rights to expire on Sept. 15. **Price**—To be supplied by amendment. **Proceeds**—For equipping new stores and remodeling and modernization of existing stores and other general corporate purposes. **Underwriters**—Morgan Stanley & Co. and W. E. Hutton & Co., both of New York.

Gray Manufacturing Co., Hartford, Conn.
June 10 filed 58,119 shares of common stock (par $5) being offered for subscription by common stockholders of record July 29 on the basis of one new share for each four shares held; rights to expire on Aug. 20. **Price**—$10 per share. **Proceeds**—For general corporate purposes. **Underwriter**—None. Statement effective July 22.

Gulf Coast Western Oil Co.
July 22 (letter of notification) $299,000 of 6% convertible secured debentures. **Price**—At par. **Proceeds**—To pay present debt and for working capital. **Office**—916 Republic Bldg., Oklahoma City, Okla. **Underwriter**—Harrison & Co., Philadelphia, Pa.

Gulf States Utilities Co.
May 14 filed 160,000 shares of preferred stock (par $100). **Proceeds** — To redeem 50,000 shares of $4.50 dividend preferred stock, 60,000 shares of $4.40 dividend preferred stock, 1949 series, and 50,000 shares of $4.44 dividend preferred stock at the prevailing redemption prices of $105, $105, and $105.75, respectively. **Underwriter**—To be determined by competitive bidding. Probable bidders: Stone & Webster Securities Corp.; Lehman Brothers and Equitable Securities Corp. (jointly); Kuhn, Loeb & Co.; Glore, Forgan & Co. and W. C. Langley & Co. (jointly). **Bids**—Had tentatively been expected to be received up to 11:30 a.m. (EDT) on June 15 at The Hanover Bank, 70 Broadway, New York, N. Y., but offering has been postponed. **Meeting**—Stockholders will vote Aug. 17 on new issue.

Gulf States Utilities Co.
May 14 filed $24,000,000 of first mortgage bonds due June 1, 1984. **Proceeds**—To redeem $10,000,000 of 3⅜% first mortgage bonds due 1981 and $10,000,000 of 3⅜% first mortgage bonds due 1983, and for general corporate purposes. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; Merrill Lynch, Pierce, Fenner & Beane and White, Weld & Co. (jointly); Salomon Bros. & Hutzler and Union Securities Corp.; Kuhn, Loeb & Co. and A. C. Allyn & Co., Inc. (jointly); Lee Higginson Corp. and Carl M. Loeb, Rhoades & Co. (jointly); Stone & Webster Securities Corp. **Bids**—Had tentatively been expected to be received up to 11 a.m. (EDT) on June 15 at The Hanover Bank, 70 Broadway, New York, N. Y., but offering has been postponed.

● **Hagerstown (Md.) Gas Co.**
July 12 (letter of notification) $100,000 of 5% convertible notes being offered first to common stockholders of record July 27 on basis of $100 of notes for each 32 shares owned; rights to expire on Aug. 12. **Price**—At par. **Proceeds**—To pay current accounts and for working capital. **Underwriter**—Alex. Brown & Sons, Baltimore, Md.

Inland Uranium, Inc.
June 17 (letter of notification) 5,000,000 shares of capital stock (par one cent). **Price**—Two cents per share. **Proceeds**—For mining expenses. **Office**—240 S. 2nd St., East, Salt Lake City, Utah. **Underwriter**—Rocky Mountain Securities, 508 Atlas Bldg., Salt Lake City, Utah.

Interstate Uranium, Inc., Salt Lake City, Utah
June 14 (letter of notification) 10,000,000 shares of common stock (par 1 cent). **Price** — 3 cents per share. **Proceeds**—For mining expenses. **Underwriter**—Cayias Brokerage Co., Salt Lake City, Utah.

★ **Keystone Fund of Canada, Ltd., Montreal, Canada**
Aug. 2 filed 1,250,000 shares of capital stock. **Price**—To be supplied by amendment. **Proceeds**—For investment. **Underwriter**—The Keystone Co. of Boston, Boston, Mass.

Lake Lauzon Mines, Ltd., Toronto, Can.
Aug. 2 filed 660,000 shares of common stock (par $1, Canadian), of which 500,000 shares are to be offered in behalf of the company and 160,000 shares for account of Percy E. Rivett. **Price**—40 cents per share, U. S. funds. **Proceeds** — For development and exploration expenses. **Underwriter**—To be named by amendment.

Liberty Uranium Corp., Salt Lake City, Utah
July 1 (letter of notification) 3,000,000 shares of common stock (par one cent). **Price**—Three cents per share. **Proceeds**—For mining operations. **Office**—402 Darling Bldg., Salt Lake City, Utah. **Underwriter** — Uranium Mart, Inc., 146 S. Main St., Salt Lake City, Utah.

● **Loma Uranium Corp., Denver, Colo. (9/10)**
June 18 filed 1,000,000 shares of common stock (par 10 cents). **Price**—$1.25 per share. **Proceeds**—For exploration and development costs, purchase of equipment, and reserve for acquisition of additional properties. **Underwriter**—Peter Morgan & Co., New York.

Marion River Uranium Co.
June 14 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For development expenses. **Underwriter**—Crerie & Co., Houston, Tex.

Mars Metal Corp., San Francisco, Calif.
July 23 filed 121,000 shares of class A stock (par 10 cents) and 3,000,000 shares of common stock. It is planned to sell at $2.50 per share 75,000 class A shares privately, the remaining 46,000 shares to be issued to provide working capital or funds for investment. Of the common stock, 320,000 shares are to be reserved for holders of class A stock; 172,000 shares for issuance at 10 cents per share pursuant to stock options given to certain key employees; and 100,000 shares are reserved for issuance at $1.50 per share during the years 1955-1957 upon the exercise of a like number of warrants granted to certain dealers in connection with public offering by F. W. Stephens Co., New York, of 199,000 class A shares. The registration statement may be amended to change the designation of the 121,000 shares of class A stock to class B stock. **Price**—Of common, may be $2.50 per share when offered.

McCluskey Wire Co., Inc., New Haven, Conn.
June 21 (letter of notification) $95,000 of 5% debentures, series A, due July 1, 1962, and $95,000 of 6% debentures, series B, due July 1, 1970. **Proceeds**—To acquire assets and business of H. & T. McCluskey & Sons, Inc. **Office**—527 Grand Avenue, New Haven, Conn. **Underwriter**—Barnes, Bodell & Goodwin, Inc., New Haven, Conn.

Mid-Atlantic Corp.
July 26 (letter of notification) 120,000 shares of common stock. **Price**—At par (50 cents per share). **Proceeds**—For investments in other businesses. **Office**—2 Main St., Bradford, Pa. **Underwriter**—William T. Bowler & Co., Bradford, Pa.

Midland General Hospital, Inc., Bronx, N. Y.
May 17 filed 900 shares of common stock (no par). **Price**—$1,000 per share. **Proceeds**—To erect a hospital in the Borough of Paramus, N. J., and for working capital, etc. **Underwriter**—None.

Mission Indemnity Co., Pasadena, Calif.
March 29 filed 600,000 shares of common stock (par 65 cents) to be offered first to stockholders and to general public. **Price**—$2 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—None.

Missouri Public Service Co.
April 23 filed 50,000 shares of cumulative preferred stock (par $100). **Price**—To be supplied by amendment. **Proceeds**—To redeem outstanding first preferred stock ($3,475,000), to repay $750,000 bank loans and the balance for construction program. **Underwriter**—Kidder, Peabody & Co., New York. **Offering** — Postponed indefinitely.

Mountain States Uranium, Inc.
May 19 (letter of notification) 30,000,000 shares of common stock. **Price**—At par (1 cent per share). **Proceeds**—For mining expenses. **Office**—1117 Miner St., Idaho Springs, Colo. **Underwriter**—Underwriters, Inc., Sparks, Nevada.

Natick Industries, Inc., Natick, Mass.
March 10 (letter of notification) 58,800 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—For working capital, etc. **Underwriter**—J. P. Marto & Co., Boston, Mass.

National Tank Co., Tulsa, Okla.
July 20 (letter of notification) 6,800 shares of common stock (par $1). **Price**—$29 per share. **Proceeds**—To two selling stockholders. **Underwriter**—Schneider, Bernet & Hickman, Dallas, Tex.

★ **Neco Uranium & Mining Co., Denver, Colo.**
Aug. 2 (letter of notification) 2,950,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For mining operations. **Office** — 718 Majestic Bldg., Denver, Colo. **Underwriter**—None.

New Jersey Power & Light Co. (8/17)
July 20 filed $8,700,000 of first mortgage bonds due Aug. 1, 1984. **Proceeds**—$1,585,000 to repay bank loans, $5,500,000 to redeem 4¼% first mortgage bonds now outstanding, and $1,615,000 for construction program. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Kuhn, Loeb & Co. and Lehman Brothers (jointly); Equitable Securities Corp.; Union Securities Corp. and White, Weld & Co. (jointly); Merrill Lynch, Pierce, Fenner & Beane. **Bids**—Expected to be received up to 11 a.m. (EDT) on Aug. 17 at 67 Broad St., New York 4, N. Y.

New Mexico Copper Corp., Carrizozo, N. M.
June 14 (letter of notification) 198,000 shares of capital stock (par 25 cents). **Price**—50 cents per share. **Proceeds**—For acquisition of power plant, improvement of mill, development of properties and general corporate purposes. **Underwriter**—Mitchell Securities, Inc., Baltimore, Md.

● **New York Capital Fund of Canada, Ltd. (8/16-17)**
July 27 filed 1,000,000 shares of common stock. **Price**—$25 per share. **Proceeds**—For investment. **Underwriter**—Carl M. Loeb, Rhoades & Co., New York.

★ **Niagara Mohawk Power Corp. (8/24)**
Aug. 3 filed $25,000,000 of general mortgage bonds due Aug. 1, 1984. **Proceeds**—To repay bank loans and for new construction. **Underwriter**—To be determined by

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competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Kuhn, Loeb & Co. and Union Securities Corp. (jointly); Morgan Stanley & Co. **Bids**—Tentatively expected to be received on Aug. 24, 1954.

North Park Uranium Co., Inc.
July 13 (letter of notification) 750,000 shares of common stock (par 10 cents.) **Price**—40 cents per share. **Proceeds**—For mining operations. **Office**—501 Aliso Drive, N. E., Albuquerque, N. M. **Underwriter**—Philip Gordon & Co., Inc., New York. Statement effective July 23.

● North-West Telephone Co. (8/16)
July 30 (letter of notification) 3,000 shares of common stock to be offered for subscription by stockholders. **Price**—At par ($50 per share). **Proceeds**—For capital improvements. **Office**—119 Monona Ave., Madison, Wis. **Underwriters**—Harley, Haydon & Co. and Bell & Farrell, Inc., both of Madison, Wis.

Northern States Power Co. (Minn.) (8/24)
July 29 filed 200,000 shares of cumulative preferred stock (par $100). **Proceeds**—To refund a like amount of $4.80 cumulative preferred stock, presently outstanding. **Underwriter**—To be determined by competitive bidding. Probable bidders: Smith, Barney & Co.; Lehman Brothers and Riter & Co. (jointly). **Bids** — Expected to be received up to 10:30 a.m. (CDT) on Aug. 24 at 231 So. La Salle Street, Chicago 4, Ill.

★ Nuclear Magnetic Mining, Inc. (Fla.)
July 26 (letter of notification) 148,000 shares of common stock (par $1). **Price**—$2 per share. **Proceeds**—For exploration and development expenses. **Underwriter**—None.

★ Ocean Products, Inc., Tampa, Fla.
Aug. 5 (letter of notification) 50,000 shares of common stock (par $5). **Price**—$6 per share. **Proceeds**—To retire bank loans and for working capital. **Underwriter**—Louis C. McClure & Co., Tampa, Fla.

★ Ol Jato Uranium Co., Salt Lake City, Utah
Aug. 5 (letter of notification) 1,750,000 shares of common stock (par one cent). **Price**—15 cents per share. **Proceeds**—For mining operations. **Office**—114 Atlas Bldg., Salt Lake City, Utah. **Underwriter** — Rocky Mountain Securities, the same city.

● Pacific Telephone & Telegraph Co. (9/1)
May 7 filed 1,004,603 shares of common stock to be offered for subscription by common and preferred stockholders of record Aug. 31 in ratio of one share for each seven shares of common and/or preferred stock held; rights to expire Sept. 30. **Price**—At par ($100 per share). **Proceeds**—To reduce bank borrowings. **Underwriter**—None.

Pacific Western Oil Corp.
June 25 filed 100,000 shares of common stock (par $4). **Price**—At market. Shares to be offered from time to time on the New York Stock Exchange, and may be offered to specific persons, firms or corporations in off-the-floor sales. **Proceeds**—To J. Paul Getty, President. **Underwriter**—None.

Peabody Coal Co., Chicago, Ill.
July 14 (letter of notification) 17,300 shares of 5% convertible prior preferred stock (par $25). **Price**—At market (estimated at $11.75 per share). **Proceeds**—To certain selling stockholders.—**Underwriter**—Fairman, Harris & Co., Inc., Chicago, Ill.

Petaca Mining Corp., Santa Fe, N. Mex.
June 9 filed 600,000 shares of cumulative sinking fund preference stock and 300,000 shares of 10-cent par common stock to be offered in units of two preference shares and one common share. **Price**—$3 per unit. **Proceeds**—To retire 40,526 shares of outstanding preferred stock, for power line extensions and electric transformers, equipment and machinery, exploration and working capital. **Underwriter**—Barrett Herrick & Co., Inc., New York.

Pioneer Uranium Corp., Moab, Utah
July 19 (letter of notification) 1,400,000 shares of capital stock (par 15 cents). **Price**—20 cents per share. **Proceeds** — For mining operations. **Underwriter** — Harrison S. Brothers & Co., Salt Lake City, Utah.

● Pittsburgh Metallurgical Co., Inc.
July 23 filed $2,023,500 of convertible subordinated debentures due Aug. 1, 1974, being offered for subscription by common stockholders at the rate of $100 of debentures for each 25 shares of common stock held on Aug. 12; rights to expire on Aug. 26. **Price**—$100 per $100 principal amount. **Proceeds**—For working capital. **Office**—Niagara Falls, N. Y. **Underwriter**—Kuhn, Loeb & Co., New York.

★ Portico, Inc., Norman, Okla.
July 29 (letter of notification) 500 shares of common stock. **Price**—At par ($100 per share). **Proceeds**—For raw materials, finished goods and working capital. **Office**—301 West Boyd Street, Norman, Okla. **Underwriter**—None.

★ Quinby & Co., Rochester, N. Y.
Aug. 9 filed $1,250,000 of shares in the Quinby Plan for the Accumulation of Common Stock of General Motors Corp.

★ Radium Hill Uranium, Inc., Montrose, Colo.
Aug. 3 (letter of notification) 1,000,000 shares of common stock (par one cent). **Price**—10 cents per share. **Proceeds**—For mining operations. **Office**—Bryant Bldg., Montrose, Colo. **Underwriters**—Peters, Writer & Christensen, Inc. and Garrett, Bromfield & Co., both of Denver, Colo.

★ Rapid Film Technique, Inc., N. Y. City
July 30 (letter of notification) 60,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For working capital. **Office**—21 West 46th Street, New York 36, N. Y. **Underwriter**—Jerome Rosenberg, Future Estate Planning, 630 McLean Ave., Yonkers, N. Y.

● Republic Uranium Corp., Moab, Utah (8/17)
June 28 (letter of notification) 1,190,000 shares of common stock (par five cents). **Price**—25 cents per share. **Proceeds**—For mining expenses. **Underwriter**—Teden & Co., Inc., New York.

★ Resort Airlines, Inc., Miami, Fla.
Aug. 5 (letter of notification) 1,361,972 shares of common stock (par 10 cents) to be first offered to stockholders; then to public. **Price**—20 cents per share. **Proceeds**—For maintenance of equipment, to reduce accounts payable and for working capital. **Address**—Box 242, International Airport, Miami, Fla. **Underwriter**—None.

Rockhill Productions, Inc.
July 15 (letter of notification) warrants to purchase 23,029 shares of common stock. **Price** — $2 per share. **Proceeds**—To two selling stockholders. **Underwriters**—Mortimer B. Burnside & Co., Inc. and Batkin & Co., both of New York.

★ Santa Fe Uranium Co., Salt Lake City, Utah
Aug. 5 (letter of notification) 1,500,000 shares of common stock (par five cents). **Price**—20 cents per share. **Proceeds**—For exploration and development of properties. **Underwriter**—Coombs & Co., Salt Lake City, Utah.

Savage Industries, Inc., Phoenix, Ariz.
July 8 (letter of notification) 4,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Office**—306 Heard Bldg., Phoenix, Ariz. **Underwriter** — Pacific Coast Securities Co., San Francisco, Calif.

Somerset Telephone Co., Norridgewock, Me.
June 11 (letter of notification) 2,200 shares of capital stock. **Price**—At par ($5 per share). **Proceeds**—For expansion and new equipment. **Underwriters**—E. H. Stanley & Co., Waterville, Me.; and Clifford J. Murphy Co., Portland, Me.

Southern Bell Telephone & Telegraph Co. (8/31)
July 30 filed $55,000,000 30-year debentures due Sept. 1, 1989. **Proceeds** — To repay advances from American Telephone & Telegraph Co., parent, and for general corporate purposes. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Morgan Stanley & Co.; Kuhn, Loeb & Co. **Bids**—Expected to be received up to 11 a.m. (EDT) on Aug. 31.

Southern California Edison Co. (8/18)
July 27 filed $30,000,000 of first and refunding mortgage bonds, series F, due 1979. **Proceeds**—To retire $6,000,000 of short-term loans and to finance construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co.; Blyth & Co., Inc.; The First Boston Corp. and Dean Witter & Co. (jointly). **Bids**—Tentatively scheduled to be received up to 9 a.m. (PDT) on Aug. 18, at 601 West Fifth St., Los Angeles, Calif.

★ Southwestern Uranium Trading Corp.
Aug. 2 (letter of notification) 1,500,000 shares of common stock (par 17 cents). **Price**—20 cents per share. **Proceeds**—For mining activities. **Office**—Silver State Bldg., Denver, Colo. **Underwriter**—Muir, Dumke & Co., Salt Lake City, Utah.

★ Star Uranium Corp., Salt Lake City, Utah
Aug. 2 (letter of notification) 6,000,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds** — For exploration and development costs. **Underwriter**—Ned J. Bowman Co., Salt Lake City, Utah.

Stardust, Inc., Reno, Nev.
July 9 filed 621,882 shares of preferred stock (par $10) and 621,882 shares of common stock (par one cent) to be offered in units of one share of each class of stock. **Price**—$10.01 per unit. **Proceeds**—For purchase of land and to construct and equip a luxury hotel. **Underwriter**—None.

● Stewart Uranium Drilling Co., Inc. (8/16)
July 27 (letter of notification) 300,000 shares of common stock (par 1 cent). **Price**—$1 per share. **Proceeds**—For mining operations. **Office** — Citizens National Bank & Trust Co. Bldg., Baytown, Texas. **Underwriter**—Baruch Brothers & Co., Inc., New York.

★ Suburban Propane Gas Corp. (8/25)
Aug. 6 filed 100,000 shares of common stock (par $1). **Price** — To be supplied by amendment. **Proceeds** — To repay bank loan and for working capital. **Underwriter**—Eastman, Dillon & Co., New York.

★ Sun Electric Corp., Chicago, Ill.
July 30 (letter of notification) 500 shares of 6% cumulative preferred stock. **Price**—At par $100 per share). **Proceeds**—For working capital. **Office**—6323 Avondale Avenue, Chicago, Ill. **Underwriter**—None.

● Supermarket Merchandisers of America, Inc. (8/23-24)
July 15 (letter of notification) 199,700 shares of common stock (par 10 cents). **Price**—$1.50 per share. **Proceeds**—For working capital and business expansion. **Office**—3219 "B" St., Philadelphia, Pa. **Underwriter**—Milton D. Blauner & Co., Inc., New York.

Taylorcraft, Inc., Conway, Pa.
April 30 (letter of notification) 150,000 shares of 6% cumulative convertible preferred stock, of which 100,000 shares will be offered to public and 50,000 shares to creditors. **Price**—At par ($2 per share). **Proceeds**—For working capital. **Underwriter**—Graham & Co., Pittsburgh, Pa.

Texas International Sulphur Co., Houston, Texas
June 21 filed 455,000 shares of common stock (par 10 cents), of which 385,000 shares are to be offered for subscription by common stockholders at the rate of one new share for each 4½ shares held; and 70,000 shares are for account of certain selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—For exploration and drilling, and payment of bank loans and advances. **Underwriter**—Vickers & Co., New York, on a "best efforts" basis. **Offering**—May be made same time in September.

● Thompson-Starrett Co. Inc., New York (9/9)
July 29 filed 145,000 shares of cumulative convertible preferred stock (par $10). **Price** — To be supplied by amendment. **Proceeds**—To repay $1,000,000 bank loans and for general corporate purposes. **Underwriters**—Blair, Rollins & Co. Inc. and Emanuel, Deetjen & Co., both of New York.

★ Thunderbird Uranium Co., Reno, Nev.
Aug. 3 (letter of notification) 1,800,000 shares of common stock (par 10 cents). **Price** — 15 cents per share. **Proceeds**—For mining activities. **Office**—206 N. Virginia St., Reno, Neb. **Underwriter**—Stock, Inc., Salt Lake City.

Titan Manganese Mining Corp.
July 12 (letter of notification) 299,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For mining expenses. **Underwriter**—A. L. Albee & Co., Boston, Mass.

Trican Petro-Chemical Corp., Montreal, Canada.
April 30 filed 500,000 shares of common stock (par $1). **Price** — To be related to the market price at time of offering. **Proceeds**—For development costs and general corporate purposes. **Underwriter** — To be named by amendment.

★ Trusteed Funds, Inc., Boston, Mass.
Aug. 9 filed $400,000 face amount of Commonwealth Fund Plan C securities and 400,000 Theoretical Units.

Union Compress & Warehouse Co.
June 25 (letter of notification) 30,000 shares of common stock (par $1). **Price**—$10 per share. **Proceeds**—To 35 selling stockholders. **Office** — Memphis, Tenn. **Underwriters**—Leftwich & Ross and Mid-South Securities Co., both of Memphis, Tenn.

★ United Funds, Inc., Kansas City, Mo.
Aug. 6 filed 500,000 shares in United Income Fund, 1,500,000 shares in United Continental Fund, and $13,000,000 of certificates in Periodic Investment Plans Without Insurance and underlying shares of United Accumulative Fund.

Union Life and Casualty Agencies, Inc.
July 20 (letter of notification) 50,000 shares of common stock (par $1) and 1,000 shares of 6% cumulative preferred stock (par $100). **Price**—At par. **Proceeds**—For general corporate purposes. **Underwriter**—None. **Office**—534 West Adamas Street, Phoenix, Ariz.

United States Air Conditioning Corp.
July 19 filed 500,000 shares of common stock (par 10 cents). **Price**—To be supplied by amendment. **Proceeds** — For working capital. **Underwriters** — Mortimer B. Burnside & Co., Inc. and George F. Breen of New York, who agreed to purchase 100,000 shares, with an option to buy the other 400,000 shares. **Offering**—Expected early in August.

Utah National Uranium Mining Corp.
May 27 (letter of notification) 1,199,600 shares of common stock (par one cent). **Price**—25 cents per share. **Proceeds** — For mining expenses. **Office** — 402 Boston Building, Salt Lake City, Utah. **Underwriters**—Carroll, Kirchner & Jaquith, Inc., Denver, Colo., and Cromer Brokerage Co., Salt Lake City, Utah.

★ Virginia Iron, Coal & Coke Co.
Aug. 2 (letter of notification) 1,500 shares of common stock (par $10). **Price** — At market. **Proceeds** — To Samuel T. Brown, President. **Office**—310 W. Campbell Ave., Roanoke, Va. **Underwriter**—None.

Voss Oil Co., Newcastle, Wyo.
July 1 filed 336,800 shares of common stock (par $1). **Price**—To be related to market. **Proceeds**—To 40 selling stockholders. **Underwriters**—John R. Lewis, Inc., Seattle, Wash.; and Coburn & Middlebrook, Inc. and Glidden, Morris & Co., both of New York. The registration statement also covers 2,413,200 shares of common stock which may be offered from time to time (but no definite plans are given).

★ Wagener Materials Corp., Reno, Nev.
July 27 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—for extracting, excavating, refining and manufacturing materials necessary in production of concrete, etc. **Office**—139 N. Virginia Street, Reno, Nev. **Underwriter**—None. Wilford H. Wagener, President and General Manager, will handle offering.

★ Warren Oil & Uranium Mining Co., Inc., Denver, Colo.
Aug. 6 filed 65,000,000 shares of common stock (par one cent). **Price**—7½ cents per share. **Proceeds**—To purchase mining claims and exploratory equipment, and for exploration costs. **Underwriter**—Weber Investment Co., Salt Lake City, Utah.

West Coast Pipe Line Co., Dallas, Tex.
Nov. 20, 1952 filed $29,000,000 12-year 6% debentures due Dec. 15, 1964, and 580,000 shares of common stock (par 50 cents) to be offered in units of one $50 debenture and one share of stock. **Price**—To be supplied by amendment. **Proceeds**—From sale of units and 1,125,000 additional shares of common stock and private sales of $55,000,000 first mortgage bonds to be used to build a 1,030 mile crude oil pipeline. **Underwriters** — White, Weld & Co. and Union Securities Corp., both of New York. **Offering**—Postponed indefinitely.

West Coast Pipe Line Co., Dallas, Tex.
Nov. 20, 1952 filed 1,125,000 shares of common stock (par 50 cents). **Price**—To be supplied by amendment. **Proceeds**—Together with other funds, to be used to build pipeline. **Underwriters**—White, Weld & Co. and Union

Securities Corp., both of New York. **Offering**—Postponed indefinitely.

★ **Western Clay Products Co.**
July 30 (letter of notification) 6,700 shares of common stock (par $1). **Price**—$25 per share. **Proceeds**—To pay outstanding debts, additions to equipment and working capital. **Office**—4500 South 48th Street, Phoenix, Ariz. **Underwriter**—None.

★ **Western Mining Corp., Boise, Idaho**
July 27 (letter of notification) 1,200,000 shares of common stock. **Price**—At par (25 cents per share). **Proceeds**—For exploratory and development expenses. **Underwriter**—None.

Western Plains Oil & Gas Co.
May 24 filed 100,000 shares of common stock (par $1). **Price**—$4.75 per share. **Proceeds**—To redeem 1,250 outstanding preferred shares ($125,000), to repay bank loan, etc. ($2,500); for purchase or acquisition of additional mineral interests, leases and royalties in the United States and Canada and for other corporate purposes. **Office**—Glendive, Mont. **Underwriter**—Irving J. Rice & Co., St. Paul, Minn.

White Eagle Uranium Co.
July 12 (letter of notification) 3,000,000 shares of common stock (par five cents). **Price**—10 cents per share. **Proceeds**—For mining expenses. **Office**—351 S. State St., Salt Lake City, Utah. **Underwriter**—Arlin Davidson, 39 Exchange Place, Salt Lake City, Utah.

★ **Winter Park Telephone Co.**
July 29 (letter of notification) 3,000 shares of 5% cumulative preferred stock. **Price** — At par ($100 per share). **Proceeds** — For additional facilities. **Office** — 132 E. New England Avenue, Winter Park, Fla. **Underwriter**—None.

World Uranium Mining Corp.
July 21 (letter of notification) 9,996,000 shares of common stock (par one cent). **Price** — Three cents per share. **Proceeds**—For exploration and development expenses. **Office**—323 Newhouse bldg., Salt Lake City, Utah. **Underwriter**—P. G. Christopulos & Co., same city.

Yankee Uranium Co., Salt Lake City, Utah
July 14 (letter of notification) 12,400,000 shares of common stock (par one cent). **Price**—Two cents per share. **Proceeds** — For mining expenses. **Office** — 721 Judge Bldg., Salt Lake City, Utah. **Underwriter** — James D. Reed Co., Salt Lake City, Utah.

Zenith Uranium & Mining Corp.
July 12 (letter of notification) 300,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For mining operations. **Underwriter**—Sheehan & Co., Boston, Mass.

Prospective Offerings

American Natural Gas Co.
April 28 stockholders approved a proposal to increase the authorized common stock from 4,000,000 to 5,000,000 shares to enable the company to sell additional shares when necessary. Offering will probably be made to present stockholders. **Proceeds**—To subsidiaries for their construction programs. **Underwriter**—None.

American Telephone & Telegraph Co.
June 30 it was reported the company is planning a huge issue of straight debentures. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc. and The First Boston Corp. (jointly); Morgan Stanley & Co.

Arkansas Louisiana Gas Co.
Feb. 22 it was reported Cities Service Co. may sell its holdings of 1,900,000 shares of this company's stock. If sold at competitive bidding, bidders may include Smith, Barney & Co. and Blyth & Co., Inc. (jointly).

★ **California Water Service Co.**
Aug. 10 company sought authority from the California P. U. Commission to issue and sell 60,000 shares of preferred stock, series I (par $25). **Price**—To be named later. **Proceeds**—For construction program. **Underwriter**—Dean Witter & Co., San Francisco, Calif. **Offering**—Expected late in September.

Central Illinois Electric & Gas Co.
Dec. 9 it was announced company intends to offer and sell around the middle of 1954 an issue of $4,000,000 first mortgage bonds. **Proceeds**—To repay bank loans and for new construction. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Stone & Webster Securities Corp.; Kidder, Peabody & Co. and White, Weld & Co. (jointly).

City Title Insurance Co., N. Y. C.
May 20, it was announced that company is planning to issue and sell not to exceed $1,000,000 of new preferred stock. **Proceeds**—For working capital. **Underwriter**—Chilson, Newberry & Co., Inc., Kingston, N. Y.

● **Colorado-Western Pipeline Co.**
Aug. 3 the Colorado P. U. Commission authorized company to build a $21,500,000 natural gas pipe line, in Colorado, to be financed through sale of about 70% of bonds and 30% of equity capital. John R. Fell, a partner of Lehman Brothers, is a Vice-President.

★ **Columbus & Southern Ohio Electric Co. (9/20)**
Aug. 9 it was announced company plans to issue and sell 200,000 additional shares of common stock. **Price**—To be named later. **Proceeds**—To repay bank loans and for new construction. **Underwriters**—Dillon, Read & Co. Inc., New York, and The Ohio Company, Columbus, Ohio. **Registration**—Expected about Aug. 31.

★ **Columbus & Southern Ohio Electric Co. (9/29)**
Aug. 9 it was announced company plans to issue and sell $10,000,000 of first mortgage bonds due 1984. **Proceeds**—To repay bank loans and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Dillon, Read & Co. Inc. and The Ohio Company (jointly); Salomon Bros. & Hutzler; Union Securities Corp. and Glore, Forgan & Co. (jointly); White, Weld & Co.; Carl M. Loeb, Rhoades & Co. and Lee Higginson Corp. (jointly). **Bids**—Expected to be received on Sept. 29. **Registration**—Planned to be filed on or about Aug. 31.

Consolidated Uranium Mines, Inc.
July 23 stockholders authorized the issuance and sale of not to exceed $6,000,000 convertible debenture bonds in connection with the acquisition of Uranium Mines of America, Inc. stock. **Underwriter** — May be Tellier & Co., Jersey City, N. J.

Cott Beverage Corp.
May 5 it was reported 160,000 shares of common stock are to be publicly offered—100,000 shares for account of company and 60,000 shares for selling stockholders. **Price**—In neighborhood of $10 per share. **Proceeds**—For general corporate purposes. **Underwriter**—Ira Haupt & Co., New York.

★ **Dayton Power & Light Co.**
Aug. 7, Kenneth C. Long, President, announced that the company plans to issue and sell $15,000,000 of first mortgage bonds due 1984 in late September. **Proceeds**—To repay bank loans and for construction program. **Underwriters**—May be determined by competitive bidding. Probable bidders: Morgan Stanley & Co., and W. E. Hutton & Co. (jointly); Halsey, Stuart & Co. Inc.; Lehman Brothers; Blyth & Co., Inc. and The First Boston Corp. (jointly).

★ **Delaware, Lackawanna & Western RR. (8/25)**
Bids will be received by the company at Room 2008, 140 Cedar Street, New York 6, N. Y., up to noon (EDT) on Aug. 25 for the purchase from it of $5,700,000 equipment trust certificates, series M, to be dated Aug. 15, 1954 and to mature in 30 semi-annual instalments up to and including Aug. 15, 1969. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Kidder, Peabody & Co.; Blair, Rollins & Co. Inc.

General Beverage Canning Co. of Florida
June 15 it was reported company plans to issue and sell 300,000 shares of common stock. **Price**—$1 per share. **Underwriters** — Roman and Johnson, Fort Lauderdale, Fla., and possibly Aetna Securities Corp., New York.

General Beverage Canning Co. of Tennessee
June 15 it was reported company plans to sell around 300,000 to 400,000 shares of common stock. **Price**—$1 per share. **Underwriter** — Elder & Co., Chattanooga, Tenn.

General Telephone Co. of Upstate New York
July 2 it was reported company plans to issue and sell 50,000 shares of 5% cumulative preferred stock (par $25). **Underwriters**—Paine, Webber, Jackson & Curtis and Stone & Webster Securities Corp., both of New York.

★ **Georgia Power Co. (9/15)**
Aug. 3 company applied to Georgia P. S. Commission for authority to refinance its outstanding 433,869 shares of $6 preferred stock by issuance of an equal number of preferred shares bearing a lower dividend (between $4.50 and $4.70). Holders will be given a choice of accepting one new preferred share and $5 in cash for each $6 preferred share held or the call price of $110 per share. The exchange period will be Sept. 15 to Oct. 4, according to present plans. **Price**—Of new stock expected to be $105 per share. **Underwriters**—The First Boston Corp.; Merrill Lynch, Pierce, Fenner & Beane; Union Securities Corp. and Equitable Securities Corp. **Registration**—Expected on Aug. 26.

Green River Steel Corp.
June 9 it was reported company is planning to issue and sell $2,000,000 of 15-year first mortgage convertible bonds. **Underwriter**—Equitable Securities Corp., Nashville, Tenn.

Hudson Pulp & Paper Co.
June 28 it was reported company may be considering some new financing. **Underwriter**—Lee Higginson Corp., New York.

Indiana & Michigan Electric Co. (10/5)
July 8 it was announced company plans to sell $16,500,000 first mortgage bonds due 1984 and 40,000 shares of cumulative preferred stock (par $100). **Underwriter**—To be determined by competitive bidding. Probable bidders: (1) For bonds—Halsey, Stuart & Co. Inc.; Union Securities Corp., Goldman, Sachs & Co. and White, Weld & Co. (jointly); The First Boston Corp.; Harriman Ripley & Co. Inc.; Kuhn, Loeb & Co.; (2) for preferred—The First Boston Corp.; Smith, Barney & Co.; Lehman Brothers; Union Securities Corp. **Registration** — Planned for Sept. 3. **Bids**—Tetnatively expected to be received up to 11 a.m. (EDT) on Oct. 5

Kansas City Power & Light Co.
March 8 it was announced that company may sell in the latter part of 1954 $16,000,000 first mortgage bonds. **Proceeds** — To repay bank loans and for new construction **Underwriters**—To be determined by competitive bidding Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers and Bear, Stearns & Co. (jointly); Kuhn, Loeb & Co., Salomon Bros. & Hutzler and Union Securities Corp. (jointly); Glore, Forgan & Co.; Blyth & Co., Inc and The First Boston Corp. (jointly); White, Weld & Co and Shields & Co. (jointly); Harriman Ripley & Co., Inc Equitable Securities Corp. **Meeting**—Stockholders on April 27 aprpoved new financing.

Kansas Power & Light Co.
May 4, D. E. Ackers, President, announced that the company plans to sell approximately $10,000,000 of bonds later this year. **Proceeds**—To repay bank loans and for construction purposes. **Underwriter**—Previous bond sale was done privately through The First Boston Corp.

Kentucky Utilities Co.
June 21 it was reported company plans to issue and sell $15,000,000 first mortgage bonds, series F. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Harriman Ripley & Co. Inc.; The First Boston Corp. and Lehman Brothers (jointly); Union Securities Corp. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Blyth & Co., Inc.; Kidder, Peabody & Co. and White, Weld & Co. (jointly); Equitable Securities Corp. **Bids** — Expected to be received in October or November.

Kentucky Utilities Co.
June 21 it was reported company plans to issue and sell to its common stockholders some additional common stock, either on a 1-for-9 or an a 1-for-10 basis. At April 30, 1954, there were outstanding 2,286,784 shares. **Underwriters**—Previous common stock offering, in April, 1953, was underwritten by Blyth & Co., Inc. and J. J. B. Hilliard & Sons and associates.

Kimberly-Clark Corp.
July 21 it was announced stockholders will vote Aug. 17 on increasing the authorized common stock from 6,000,000 shares (no par value) to 12,000,000 shares (par $5), two new shares to be issued in exchange for each no par share now held, and to provide additional capital shares for future financing. **Underwriter**—Blyth & Co., Inc., New York and San Francisco.

● **Lindsay Chemical Co.**
Aug. 2 it was reported that this company is said to be considering the sale of additional common stock first to stockholders. **Proceeds**—About $1,250,000, for working capital, etc. **Underwriters**—Lehman Brothers of New York, and Farwell, Chapman & Co., of Chicago.

Long Island Lighting Co.
April 20 it was announced company plans later in 1954 to issue $20,000,000 mortgage bonds. **Proceeds** — To finance construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; W. C. Langley & Co.; Blyth & Co., Inc. and The First Boston Corp. (jointly); Smith, Barney & Co.

Long Island Trust Co.
July 27 the offering to stockholders of record July 20 of 11,500 additional shares of capital stock (par $10) on a pro rata basis was approved; rights will expire Aug. 12. **Price**—$25 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—Cyrus J. Lawrence Securities Corp., New York.

Louisville & Nashville RR. (9/30)
July 7 it was reported that the company may issue and sell late in 1954 $30,350,000 of new first and refunding mortgage bonds due 2003. **Proceeds**—To retire $24,610,000 Atlanta, Knoxville & Cincinnati Division 4% bonds due May 1, 1955, and for general corporate purposes. **Underwriters**—May be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; White, Weld & Co. and Salomon Bros. & Hutzler (jointly). **Bids**—Expected Sept. 30.

● **Montana-Dakota Utilities Co. (9/8)**
July 8 it was reported that company plans to issue and sell $12,000,000 of bonds (of which $7,000,000 will mature $350,000 annually 1956-1975 and $5,000,000 will mature in 1979. **Proceeds**—To repay bank loans and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc., White, Weld & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Blair, Rollins & Co. Inc. **Bids**—Expected on Sept. 8.

★ **National City Bank of New York (9/30)**
Aug. 10 directors authorized a meeting of stockholders to be held on Sept. 20 to vote on a proposal to increase the capital and surplus of the company by $131,250,000 through the sale of 2,500,000 additional shares of capital stock (par $20) to stockholders early this fall for subscription on the basis of one new share for each three shares held as of Sept. 24; with rights to expire on Oct. 22. Subscription warrants will be mailed on or about Sept. 30. **Underwriter** — The First Boston Corp. will head group.

National Fuel Gas Co.
June 25, L. A. Brown, President, announced that the company plans to offer additional common stock to common stockholders this Fall on a 1-for-10 basis (with an oversubscription privilege). **Proceeds**—For construction program. **Underwriter** — None. **Registration**—Expected in October, 1954.

New England Electric System (9/28)
April 29 it was announced company plans to offer to its common stockholders next Fall additional common stock on a 1-for-10 basis. There are outstanding 9,108,824 common shares. **Proceeds** — For construction program of subsidiaries. **Underwriters** — To be determined by competitive bidding. Probable bidders: Blyth & Co., Inc., Lehman Brothers and Bear, Stearns & Co. (jointly); Carl M. Loeb, Rhoades & Co., Ladenburg, Thalmann & Co. and Wertheim & Co. (jointly); Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co. and White, Weld & Co. (jointly). **Bids**—Tentatively expected to be received on Sept. 28.

● **Northern Pacific Ry. (9/20-24)**
July 28 it was reported that company is contemplating the issuance and sale of $52,000,000 in new bonds. **Proceeds**—For refunding. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Blyth & Co., Inc. **Bids**—Expected to be received late in September.

Northern States Power Co. (Minn.) (9/28)
July 2 it was announced company is planning the issuance and sale of approximately $20,000,000 of first mortgage bonds due 1964 on or about Sept. 28. **Underwriters**—

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Continued from page 33

To be determined by competitive biddings. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers and Riter & Co. (jointly); Smith, Barney & Co.; Glore, Forgan & Co.; Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co. and White, Weld & Co. (jointly); Equitable Securities Corp. and Union Securities Corp. (jointly); Kuhn, Loeb & Co., A. C. Allyn & Co. Inc. and Wertheim & Co. (jointly).

Oklahoma Gas & Electric Co. (9/14)
July 12 it was reported company plans to issue and sell 75,000 shares of preferred stock (par $100). Previous preferred stock financing was done privately through Kuhn, Loeb & Co., New York. If competitive, bidders may include: The First Boston Corp.; Smith, Barney & Co.; Merrill Lynch, Pierce, Fenner & Beane; Lehman Brothers and Blyth & Co., Inc. (jointly). **Registration**—Expected Aug. 16. **Bids**—Planned for Sept. 14. **Common Stock Financing**—First to stockholders, expected in 1955.

★ Pacific National Bank, San Francisco, Calif.
Aug. 6 it was announced stockholders will vote Aug. 16 on approving a proposal to increase the authorized common stock (par $20) by 47,685 shares. The common stockholders are to be given the right to subscribe on or before Sept. 9 for one new share for each two shares held. **Price**—$28.50 per share. **Proceeds**—$340,000 to retire outstanding preferred stock and the remainder to be added to capital and surplus.

Pan-American Uranium Corp., Salt Lake City
June 30 it was announced that this company presently privately owned and financed, will have authorization for the issuance of 5,000,000 shares of stock. Any public financing may be handled by Kramer, Makris & Co., Houston, Tex.

Progas of Canada, Inc.
July 13 it was announced company plans to issue and sell to its stockholders an additional 1,200,000 shares of capital stock on the basis of slightly less than one new share for each four shares held (with an oversubscription privilege). **Price**—At par (25 cents per share). **Proceeds** — For capital improvements and working capital. **Underwriters** — Consolidated Coppermines Corp. and Burnham & Co., New York, have agreed to purchase, in proportions of two-thirds and one-third respectively, any of the unsubscribed shares.

• Public Service Co. of Colorado (10/4-8)
Aug. 1 it was announced company plans to issue $20,000,000 first mortgage bonds, due 1984. **Proceeds**—To repay bank loans and for new construction. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co.; The First Boston Corp.; Harris, Hall & Co. Inc.; Harriman Ripley & Co., Inc. and Union Securities Corp. (jointly); Lehman Brothers; Kidder, Peabody & Co.; Blyth & Co., Inc. and Smith, Barney & Co. (jointly). **Registration**—Expected in September. **Bids**—Expected first week in October.

Ritter Finance Co.
June 8 it was announced stockholders will on Aug. 17 vote on increasing the authorized preferred stock (par $50) from 14,000 shares to 50,000 shares, and the authorized class B common (par $1) from 950,000 shares to 2,000,000 shares. **Underwriter**—Stroud & Co., Inc., Philadelphia, Pa.

St. Joseph Light & Power Co.
March 30, C. A. Semrad, President, announced that the company may raise new money this year through the sale of $1,000,000 first mortgage bonds or from temporary bank loans for its 1954 construction program, which, it is estimated, will cost $1,661,000. **Underwriters—May** be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Smith, Barney & Co., and Glore, Forgan & Co. (jointly); Union Securities Corp.; White, Weld & Co.; Equitable Securities Corp.

San Diego Gas & Electric Co.
Aug. 3 it was announced company plans to offer early in October (first to stockholders) 800,000 shares of additional common stock. **Underwriter** — Blyth & Co., Inc., San Francisco and New York.

Southern Pacific RR. Co.
July 28 it was announced company has applied to the ICC for authority to issue and sell $21,091,000 first mortgage bonds due Jan. 1, 1996. **Proceeds**—To reimburse treasury for capital expenditures previously made. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co. and Drexel & Co. (jointly); Morgan Stanley & Co.; Kuhn, Loeb & Co.

Standard Coil Products Co.
June 21 it was reported an issue of about 200,000 shares of common stock will be registered with the SEC. **Price**—To be named later. **Proceeds**—To selling stockholders. **Underwriters**—A. C. Allyn & Co. Inc. and Dempsey & Co., both of Chicago, Ill.

Tennessee Gas Transmission Co.
May 24 it was reported company plans issuance and sale of $20,000,000 of debentures later in 1954 (in addition to $25,000,000 bonds filed May 26 with SEC). **Proceeds**—For new construction. **Underwiters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Stone & Webster Securities Corp. and White, Weld & Co. (jointly).

Thompson-Starrett Co., Inc.
July 1 it was announced new Thompson-Starrett Co. (following merger of Roberts & Schaefer Co.) plans to issue and sell at an early date 145,000 shares of convertible preferred stock (par $10). **Proceeds** — To retire bank loans. **Underwriters**—Blair, Rollins & Co. Inc. and Emanuel Deetjen & Co., both of New York.

Transcontinental Gas Pipe Line Corp.
March 16 it was reported company plans later this year to do some permanent financing to repay temporary bank loans necessary to pay for new construction estimated to cost about $11,000,000 for 1954. **Underwriters**—White, Weld & Co. and Stone & Webster Securities Corp., both of New York.

Welex Jet Services, Inc.
June 14 it was reported company may in September announce plans to issue and sell additional common stock to stockholders. **Underwriter**—If underwritten, it may be Laird & Co., Wilmington, Del. Two previous offerings to stockholders were not underwritten.

Western Maryland Ry. (9/8)
July 13 it was announced company plans to issue and sell $16,000,000 of first mortgage bonds due 1979. **Proceeds** — To redeem $12,632,000 of first mortgage bonds, series B, due 1976, and the remainder used to reimburse company for expenditures for capital improvements. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. **Meeting**—Stockholders will vote Sept. 21 on approving issuance of new bonds. **Bids**—Expected Sept. 8.

Western Massachusetts Electric Co.
July 12 it was reported company is planning sale in September of $6,000,000 debt securities. **Proceeds** — To repay bank loans and for new construction. **Underwriter**—If determined by competitive bidding, probable bidders may be: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Kidder, Peabody & Co., and Blair, Rollins & Co. Inc.

Western Pacific RR. Co.
June 30 stockholders approved a proposal to allow company to sell first and refunding bonds without obtaining approval of preferred stockholders. It is planned to issue and sell $6,500,000 of these bonds. **Proceeds**—To reimburse company for capital expenditures already made and for future improvements. **Underwriters**—May be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Union Securities Corp. and Glore, Forgan & Co. (jointly); Blyth & Co., Inc.; Lehman Brothers and Bear, Stearns & Co. (jointly).

Wheeling Electric Co.
June 28 it was announced company plans permanent financing. **Proceeds**—To retire bank loans. **Underwriter**—Previous bond financing in 1922 was handled by Dillon, Read & Co. Inc.

Wisconsin Power & Light Co. (10/5)
July 26 it was announced management is planning issueance and sale of $18,000,000 first mortgage bonds due 1984. **Proceeds**—To redeem $8,000,000 4% first mortgage bonds sold last year and $10,000,000 for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Equitable Securities Corp.; Salomon Bros. & Hutzler; Lehman Brothers, Bear, Stearns & Co., Reynolds & Co. and L. F. Rothschild & Co. (jointly); Union Securities Corp.; The First Boston Corp.; White, Weld & Co. and Kidder, Peabody & Co. (jointly); Smith, Barney & Co. and Robert W. Baird & Co. (jointly); Blyth & Co., Inc. **Bids**—Expected about Oct. 5 with registration on or about Sept. 9.

Wisconsin Public Service Co.
July 28 it was reported company is considering the issuance of about $12,500,000 new securities. **Proceeds**—To refund $8,000,000 outstanding first mortgage 4⅛% bonds due 1983 and for new construction. **Underwriters**—For bonds, to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Beane, Salomon Bros. & Hutzler and Union Securities Corp. (jointly); White, Weld & Co.; Kidder, Peabody & Co.; Kuhn, Loeb & Co.; Dean Witter & Co.; The First Boston Corp. Previous common stock offer was underwritten by The First Boston Corp.; Merrill Lynch, Pierce, Fenner & Beane; Robert W. Baird & Co., Inc.; and William Blair & Co.

Our Reporter's Report

Investment bankers who have taken on the job of underwriting National City Bank of New York's offering of 2,500,000 shares of additional capital stock to shareholders will be busy over the next few weeks setting up the machinery for this operation.

With the new issue market gripped in its customary summer lull, the banking firms, and they include the cream of the crop, doubtless welcome the work involved in this piece of business since it will enable them to keep staffs busy.

The actual offering does not get underway until Sept. 24 and "rights" to buy the stock at $52.50 a share will expire probably around Oct. 22, which makes it a rather long period of "standby."

In the meantime Georgia Power Company's move to replace its 433,869 shares of $6 preferred, with a lower cost issue is something of a similar undertaking which requires considerable spade-work in advance of the offering.

New Issues Sparse

Bankers do not have much to look forward to as far as new corporate issues are concerned for the balance of the month. Next week will bring to market for bonds on Wednesday $30,000,000 of new bonds of Southern California's Edison Co.

Then there is a gap until Aug. 24 when Niagara Mohawk Power Corp. will open bids for $25,000,000 of bonds, with Food Fair Stores scheduled to market $20,000,000 of debentures the following day.

Thereafter it looks very much as though Southern Bell Telephone & Telegraph Co. will close out the month with its offering for competitive bids, on Aug. 31, of $55,000,000 of new securities.

Shelf-Stocks Diminishing

In consequence of the dearth in new issues in any volume, institutions and pension funds with capital seeking employment have been skimming over the supply of material available on dealers' shelves.

And they have not been finding it too easy to pick up their needs even in this direction. Conditions have undergone a change in recent weeks and once more we are in a seller's market with whatever pressure there is weighing on the potential buyer.

His lot is not being helped any by the current lag in new registrations. This week brought only a few indications of early corporate intentions to seek new money. And these suggest only small issues for the near-term.

Atomic Power Uranium Stock at 50c a Share

Hunter Securities Corp., New York City, and Continental Securities, Houston, Tex., are offering 600,000 shares of common stock (par 10 cents) of Atomic Power Uranium Corp. at 50 cents per share "as a speculation."

The net proceeds are to be used to pay for exploration and drilling expenses and for general corporate purposes.

The Atomic Power Uranium Corp. was incorporated in Delaware on June 18, 1954. Its principal office is located at 404 Empire Building, Denver, Colo.

The business of the company consists in the mining, exploration, development and operation of uranium mining properties. The company is in the exploratory and development stage.

The company holds under lease and assignment 10 mining claims totaling approximately 200 acres, located in the Gateway Mining District, Mesa County, Colo., known as the Ford Group, and the Horse Mountain District, Eagle County, Colo., known as the Buick Group.

Trans-World Uranium Shares Offered

Chas. Weinstein & Co., New York City, are offering publicly 1,175,000 shares of common stock of Trans-World Uranium Corp. at 25 cents per share "as a speculation."

It is intended to use the net proceeds from this financing to make payment due under option agreement, to explore and develop properties, buy equipment, and set aside a reserve of $70,000 for acquisition of other properties. The remaining balance will be used for working capital.

Trans-World Uranium Corp. was organized in Utah on June 18, 1954 with its principal office at 402 Boston Bldg., Salt Lake City, Utah, for the purpose of engaging in the exploration and development of uranium and other mineral bearing properties which it now owns or may in the future acquire. Its principal property interest is located in San Juan County, Utah, in the Colorado Plateau area, in 20 tracts.

With Hudson White Co.

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich. — George B. Duffield is with Hudson White & Company, Buhl Building.

Continued from page 13

Profit Margins of U. S. Manufacturers

equals Wages/Value of Product; (5) Labor's Share in the Value Added equals Wages/Value of Product minus purchases and power; (6) Raw Materials' Share in the Product equals Raw Materials/Value of Product; (7) The "unit cost" index is a construct of a single series to reflect the changes in costs of many products in many firms in an industry. It is based upon a detailed breakdown of the physical outputs in each industry developed by the work of Mr. S. Fabricant in "The Output of Manufacturing Industries, 1899-1937." The imputed unit price is adjusted by the average gross margin to give an estimated unit variable cost. A Laspeyres cost index method was then used to derive a single index figure for all the products in the industry.

The indicators developed from the basic measures are:

(1) The level of the gross profit margins in depression or prosperity years.

(2) Degree of uniformity of gross profit margins over time. This is done by computing the coefficient of variation for each series.

(3) Volatility of movements of

shares in the product between census years.

(4) Movements of gross profit margins related to movements of dollar volume of production. This is to determine how many of the movements are directly or inversely related.

(5) Ranking of gross margins by years to determine whether certain economic periods dominate in certain ranks.

(6) The same basic indicators are also applied for labor's shares in the product and value added with the exception of #4 above.

(7) The unit cost indicator has been based upon the variations in the unit cost index associated with variations in gross margin rates. The data do not lend itself to correlation so a count technique of inverse or direct associations of the directions of change is used.

The distribution of the industries analyzed are broken down into the following major groupings:

	Number of Industries in Group
Food Group	20
Near Food Group	5
Clothing Group	10
Household Furnishings made primarily of fabrics	4
Wood Products	15
Chemical Industries	10
Rubber Products	2
Leather Products	7
Mineral Products	8
Blast Furnace Products	1
Non-Ferrous Metals	1
Metal Products	26
Machinery	6
Miscellaneous	2

The Unit Cost Index was limited, due to insufficient data, to the following industries:

	Number of Industries in Group
Food Group	19
Clothing Group	6
Wood Products	3
Chemical Products	4
Rubber-Leather Products	4
Mineral Products	5
Metal Products	7

The nature of the overall statistical results:

(1) There are very few industries that have fairly constant gross profit margins over the 40-year period studied. Only 4% of all have extremely low variability; 23% moderately low; 34% moderate; 39% high. The "Foods" and "Metals" groups display the highest degree of variability, while the "Chemical" group is most uniform.

(2) Some general inverse association is found between the degree of variability in gross margins and labor's share in the product. The use of small amounts of labor relative to raw materials tends to occur with more fluctuating gross margins.

(3) Movements of gross profit margins do not move in concert with general cyclical business conditions. In rising business conditions we do not find rising margins predominating, nor in falling conditions do declines rule. Although for all industries the previously outlined pattern is not too strong, we do find that the 1930's give strong support to our model. The 1920's give fairly good support. The breakdown of the totals into specific industry groups so that they can be associated with the sources of their raw materials helps the model considerably.

(4) Although variability is quite high for gross margins, we find that between any two successive census years the volatility is generally not high. In terms of relative volatility over 50% of the observed intercensal year movements are less than 10% in magnitude; 76% are less than 20%; 85% less than 30%. The small degree of volatility would indicate a strong tendency for prices to follow costs but often at a slower rate.

(5) Associating the direction of the volatility with changes in dollar volume of output, we find that inverse associations outnumber direct ones. For the entire analysis the percent of inverse movements of the total equals 55% and may not be too significant. The percentage of (inverse plus zero movements plus negligible movements) equals 59%. If the total is broken down into the various groups and by census years, the inverse relationship is strongest in recession and recovery years, and for those industries closest to the extractive raw material supplier levels.

(6) Ranking the census years according to gross margin profit levels brings out a similar result except for 1921. Recession and boom years rank high; depression and recovery years rank low. This last measure may be obscured in part by secular trends in some series.

(7) The absence of any relationship between gross margins and volume of sales induced us to study the association between costs and margins. We find that inverse associations appeared over 70% of the time in four of the major groups covering 33 industries; 55% of the time in two major groups with 11 industries; 31% of the time in one group (Chemicals) with four industries. The 1930 period gives a somewhat stronger inverse association than previous periods.

Labor's Role Controlling

The Model depends somewhat upon the role that direct labor plays in the production at the given stage of manufacturing. The rigidity of labor costs would reduce the chance of shifting the margins as previously presented. It has been found that labor's share in the product is surprisingly small at the single stage of manufacturing. In 17% of the industries we find labor's share is less than 5% on the average; 43% of the industries less than 10%; 57% of the industries less than 15%; 72% of the industries less than 20%; 88% of the industries less than 25%. As has been previously indicated, there is a strong tendency for labor's share in the product to move inversely to the cycle. This tendency is much less pronounced for labor's share in the value added. In a number of cases studied there appears to be some evidence that labor costs are compressed and/or workmanship deteriorates and/or management's supervision tightens as sales decline markedly in deep depressions. The general low volatility of labor's share in the product between census years adds further to the position we have taken that shifts between the shares of management and raw materials suppliers occur markedly in cyclical fluctuations.

Although the type of data we have worked with has restricted the analysis to a number of broad generalizations concerning firm behavior under the uncertainties of oligopolistic markets and cyclical fluctuations, it is hoped that some of the differences in the patterns due to macro-economic conditions have been highlighted. Attempts to explain oligopolistic decisions in terms of leadership concepts or in terms of "average cost pricing" should try to clarify the conditions when certain types of responses are most apt to be elicited. The mathematical approaches to leadership through reaction curves appear to assume too much knowledge on the part of the participants. It also pays little attention to macro-economic changes as a factor in the structure of the reaction patterns. The questionnaire technique used by some economists appears to err in assuming that real moves in actual situations can be discovered by verbal responses to questions in unreal situations. The model drawn herein, as far as it goes, depends greatly upon inertia, lags and caution factors that appear to be overlooked too often in economic reasoning.

DISSOLUTION NOTICE

STATE OF NEW YORK, DEPARTMENT OF STATE, ss.:

I DO HEREBY CERTIFY that a certificate of dissolution of

BARCHESTER PUBLICATIONS, INC.

has been filed in this department this day and that it appears therefrom that such corporation has complied with section one hundred and five of the Stock Corporation Law, and that it is dissolved.

GIVEN IN DUPLICATE under my hand and offical seal of the Department of State, at the City of Albany, this twenty-first day of July, one thousand nine hundred and fifty-four.

(Seal Department of State)

THOMAS J. CURRAN,
Secretary of State.
By SIDNEY B. GORDON,
Deputy Secretary of State.

With King Merritt

(Special to THE FINANCIAL CHRONICLE)

FLINT, Mich. — George R. Brockway is with Merritt & Company, Inc.

Washington... And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C. — One of the outstanding features of the 83rd Congress, in the opinion of most politcos here, has been the singular absence of genuinely able political leadership — on Capitol Hill itself, at the White House, or in either political party.

Whenever politicos or lobbyists gather to dissect and diagnose the current scene, one hears this comment — almost taken completely for granted here by both experts and amateurs in the game of politics.

Of course when people talk about leadership problems they naturally turn first to the White House, for there resides more political power than is found in any individual in this most political capital. And when they turn to the White House, they turn to cussing out poor Sherman Adams, Mr. Eisenhower's "first leftenant," and by the President's own designation his his "Chief of Staff."

Mr. Adams, with the possible exception of Senator Joe McCarthy, is probably the most unpopular gentleman in political circles. Unlike Joe, however, Sherman Adams doesn't have a bunch of partisans who are as emotionally for him as others are against him. For even the Democrats don't like Mr. Adams.

From some time not far along last year until the present, one would pick up gruesome reports on Sherman Adams. It is not possible to be specific about these complaints without revealing confidences of Senators and Representatives.

However, let's say that a hypothetical Senator X would report that his patronage recommendations were completely ignored, that at Sherman Adams' own intervention his nominee for a given job in Senator X's state was turned down and instead the job given to a faction opposing Senator X and building up to knock him down come the next Senatorial election. Or that a couple of his choice campaign contributors were finding their government contracts canceled and the job given to some one else, maybe a manufacturer in India.

Cry "Discrimination"

Your hypothetical Senator X, of course, was convinced that the Chief of Staff, who is noted for "liberal" tendencies, was doing his best to grease the skids for the exit of the Senator from public life. This is not an isolated case. It was rather common, and there are quite a few gentlemen on Capitol Hill who, rightly or wrongly, are convinced that the White House, by which they mean Sherman Adams, is trying to nudge relative conservatives out of Congress. They were puzzled, because they couldn't quite make themselves believe that Dwight D. Eisenhower was party to such black designs.

So frequent was this kind of a report, that for a long time a good many people came to think that Sherman Adams was trying to re-vamp the Republican party in the image of Mr. Adams' own ideas.

Snafus Proliferate

What complicates this simple story of evil design, however, is what has developed since. The next thing that has begun to show up is that the White House (i.e., Sherman Adams, or at least that is what they say) began making life miserable for some of the most ardent Eisenhower supporters. Men who, whatever their views were before the Eisenhower wing captured the Republican party, have never since voiced an important public disagreement with the President, also began to find themselves in trouble.

This trouble is of the most astonishing nature. Key Republican leaders have trouble with the most routine matters, like naming 4th class postmasters or star route carriers. There are literally scores of important Republicans in Congress who are having irritating troubles with their local Republican organizations. In the memory of men 30 years in Congress there has never been a time when White House patronage matters of even the most trivial nature were so utterly fouled up.

To the men who ring the door bells and keep the party going back in the 5th ward, it doesn't make sense that the White House could be so snarled up. These scores of members of Congress are being confronted from the county chairmen with the accusation that there must be something wrong between them and Ike. And, of course, the members all blame it on Sherman Adams, whether correctly or not this correspondent is in no position to know.

And the funny thing is that when these difficulties of Eisenhower supporters finally get back to Mr. Eisenhower personally, the President is acutely and apparently honestly distressed, for he seems to have no idea what is going on.

Snafu Departments

Further information developing is that even in the Executive Departments, there are snafus with the White House. There is one example which, of course, may not be specifically illustrated in detail. The President was consulted upon and agreed on a new policy the Administration was to adopt. A clever opposition politico wrote a seemingly innocent letter to the President saying wouldn't the President do so and so, which was to the contrary. Mr. Adams fell for the leading question and committed the White House to an entirely different course of action, without so much as first checking with the officials concerned.

Finally, this kind of a report develops. The Grand Chief Hunter of the Loyal Order of Bear Meat Eaters calls up Senator Y and asks him to invite the President to their state-wide bear roast and whisky pouring. Ordinarily it takes the White House from a few minutes to a day at most to recollect where the President will be instead on that date so he is grievously sorry, he can't attend.

In this case, the answer usually takes from two to three weeks, with the Senator made miserable every other day while the Grand Chief Hunter keeps calling the Senator to learn for Pete's sake what is the answer.

Empire Building?

This sort of thing happens because, if the reports are true, the Chief of Staff, despite an able crew of $10,000 and better legmen hanging around the White House, has got to handle the matter himself, and nobody else can make the decision.

Superficially, this would add up to a sinister outlook. The man who can control the staff of the White House (and Mr. Adams is avowedly Chief of the Staff) can become a political figure of frightfully powerful dimensions, particularly with a President with as easy-going a personality as has Mr. Eisenhower.

One of the real facets of life under a Great Big Government, is that the President cannot begin to handle the numerous and far-reaching decisions which are made in his name, which must be made by anonymous aides instead. So superficially, such an outlook as reported would point to the possibility that Mr. Adams was doing in a big way that which in Washington, D. C., is called "empire building."

Is Combination of Explanations

Maybe Mr. Adams is gathering to himself the power to be the chief funnel of information to and decisions from the President.

However, some more seasoned observers offer other explanations.

(1) In the first place, the "chief of staff" concept, valid for the military, is considered to be entirely faulty in political life. Whatever else can be said against FDR, he was seldom accused of political obtuseness. His concept of assistants were those who, in his own words, had "a passion for anonymity." Earlier in FDR's career, the "executive officers" (to use a military concept) were blamed for FDR's policies. It soon became clear, however, that no matter how much confidence and power Roosevelt vested in his aides, he had no one around him who didn't do exactly what FDR wanted.

(2) In the second place, the frightful mix-up on patronage matters simply highlights the fact that the Republicans have not yet organized with any smoothness, the patronage end of government. As one of the ablest observers in this town once said, "What Eisenhower needs badly is a Jim Farley."

(3) Sherman Adams simply has too much to do. History will have to decide whether that situation is of his own choosing, or whether, as is at least equally tenable as a thesis, it is the inescapable nature of circumstances because President Eisenhower conceives this role for Mr. Adams.

Congress Leadership Lacks Vigor

In Congress the situation appears to be that those who have experience, judgment, and seasoning, are lacking in full vigor of rough and tumble fighting. Or if they are young and have vigor and imagination, they lack seasoning, judgment and the prestige that comes therewith.

The only thing that appears to be clear about the way Mr. Adams' role has worked out is that it follows the military analogy beautifully.

Aboard a ship the executive officer, ranking just next to the Captain, handles all the good and dirty work of the ship. If returning shipmates get cans of beer fleeced off them and are put to work swabbing the decks, it is the XO who gets called the SOB. (In Washington SOB also stands for Senate Office Building.)

Sherman Adams certainly is taking the blame. Maybe that's the way Eisenhower wants it. Maybe not.

(This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.)

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